RESPONSIBLE INVESTING AT UNIGESTION

July 2024

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RESPONSIBLE INVESTING AT UNIGESTION

ESG Beliefs

Asset managers like Unigestion represent a crucial link between investors and the financing needs of the real economy. As such, our industry will increasingly be assessed on the values it upholds, the ethics it promotes and the wider role it has to improve the society we all live in.

As long-term stewards of our clients' capital, we believe we have a duty to both deliver attractive returns and to support the sustainable development of our economy. By doing so, we can influence the companies we invest in and help solve social and environmental problems.

Well-governed businesses with responsible practices can make a positive contribution to our clients' portfolios over the long term. Sustainability will be a long-term driver for change in markets, countries, sectors and companies, creating significant opportunities for fruitful investment.

Integrating ESG is a process we have honed since launching our first responsible equity product in 2004. Since then, we have evolved our approach across the different asset classes we cover; integrating ESG considerations in private equity, bonds and some parts of the liquid alternative space.

We integrate ESG considerations throughout all of our investment processes - from universe screening and investment selection to portfolio construction and engagement.

We approach ESG in the same way as all investment risk, carefully assessing the potential impacts and opportunities through a combination of systematic and discretionary analysis, research and monitoring.

This document provides detail on this approach, as well as outlining the evolution of ESG investing at Unigestion and how we have responded to the changing regulatory environment. ESG risks are complex and rapidly evolving, and our approach to them will similarly evolve over time.

ESG Definitions

We recognise that the subject of ESG and sustainability is a complex and multifaceted topic affecting different areas of our organisation in various ways. While entirely clear-cut definitions are not always possible due to the nature of the topic, we generally use the following concepts in our sustainability framework:

Our definition of sustainability is based on the common definition included in the Brundtland Report[1]: "*Sustainable development is development that meets the needs of the present without compromising the needs of future generations to meet their own needs*".

The Sustainable Development Goals (SDGs)[2], also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

Countries have committed to prioritize progress for those who're furthest behind. The SDGs are designed to end poverty, hunger, AIDS, and discrimination against women and girls.

There are 17 goals with specific targets, many of which are about country policy and therefore may not be addressed through corporates. Still, companies may contribute to a limited number of targets.

[1] Report of the World Commission on Environment and Development: Our Common Future (1987)

Figure 1: SDG categories

Source: Website UN, https://www.un.org/sustainabledevelopment

The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.

SDGs are the ultimate route to Sustainability, while on the day-to-day basis they could be broadly considered in investment terms as ESG (Environmental, Social, Governance) elements. With this in mind, we refer to the definition provided by the EU Commission[2]:

"Although there is no universal definition of ESG factors within the investment industry, it is widely accepted that ESG factors are a universal concept that include a range of environmental, social and governance factors as illustrated in Figure 2. According to the United Nations Environment Programme (UNEP) Inquiry and the United-Nations-backed Principles for Responsible Investment (UNPRI), ESG factors are broadly defined as follows:

(i) Environmental (E) issues relate to the quality and functioning of the natural environment and natural systems;

(ii) Social (S) issues relate to the rights, well-being and interests of people and communities; and

(iii) Governance (G) issues relate to the governance of companies and other investee entities."

ESG indicators include, but are not limited to, the below:

Figure 2: ESG indicators

Environmental (E)	Issues relating to the quality and functioning of the natural environment and natural systems. These include: biodiversity loss; greenhouse gas (GHG) emissions, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, stratospheric ozone depletion, changes in land use, ocean acidification and changes to the nitrogen and phosphorus cycles.
Social (S)	Issues relating to the rights, well-being and interests of people and communities. These include: human rights, labour standards in the supply chain, child, slave and bonded labour, workplace health and safety, freedom of association and freedom of expression, human capital management and employee relations; diversity; relations with local communities, activities in conflict zones, health and access to medicine, HIV/AIDS, consumer protection; and controversial weapons.
Governance (G)	Issues relating to the governance of companies and other investee entities. In the listed equity context these include: board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics, bribery and corruption, internal controls and risk management, and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented. In the unlisted asset classes governance issues may, depending on the structure, also include matters of fund governance, such as the powers of Advisory Committees, valuation issues, fee structures, etc.

[2] Chapter 1.2 EU Commission Impact Assessment SWD (2018) 264 final, 24.5.2018

Source: UNPRI (2018b)

Environmental, social, and governance (ESG) criteria are a set of standards for a company's behaviour. *This set indicates how a company* operates *overall and therefore the non-financial* quality *of a corporate organisation.*

ESG criteria can be used to measure if and to which extent externalities may negatively or positively affect a company's operations and business (sustainability risks and opportunities).

In addition, one can measure a company's effect on the environment or people through its operations or its products & services. This is known as impact. Impact can be positive or negative. The positive impact of a company's products & services indicates how a company can make positive social change and aid society with its products & services (create positive externalities). Positive impact based on products & services can be measured by the following dimensions:

Depth: Helping society to a greater degree than usual

Breadth: Helping a wider range of the society

"Impact investing" is a strategy focused on achieving a positive impact. According to the universally accepted definition provided by the Global Impact Investing Network (GIIN) "impact investments" are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.[3]

ESG Score: Internal Assessments and External Ratings

We use external environmental, social and governance raw data, scores or qualitative information as an input into our internal assessment process. Prior to using external ESG-related data we carefully assess the data source and the methodology of the external provider. Once we decide to use the service provider, their external data will never lead to our mechanistic reliance on that ESG assessment. Instead, we use external data as an additional, but not the sole, source for our internal assessments.

We currently work with the following external ESG data sources for our equity and multi-asset strategies:

- Sustainalytics
- S&P Trucost
- ISS
- Transition Pathway Initiative (TPI)
- World Bank
- FAIRR

Due to scarcity of the external data, for our private equity strategies, we access the data directly through the investments.
In our ESG criteria evaluation for companies, in general, we focus on materiality of criteria for different businesses. In 2021, we joined alliance with Sustainability Accounting Standards Board (SASB). SASB is an independent non-profit organisation that sets standards to guide the disclosure of financially material sustainability information by companies to their investors. SASB standards identify the subset of ESG issues most relevant to financial performance in each of 77 industries. SASB also provides education and other resources that advance the use and understanding of its standards. This is of particular interest to our private equity especially concerning direct investments and sector focused funds.

We build our ESG scores for companies and countries internally with the data provided externally as explained above.

We use the SASB materiality map for our ESG evaluation of companies, whether public or private.

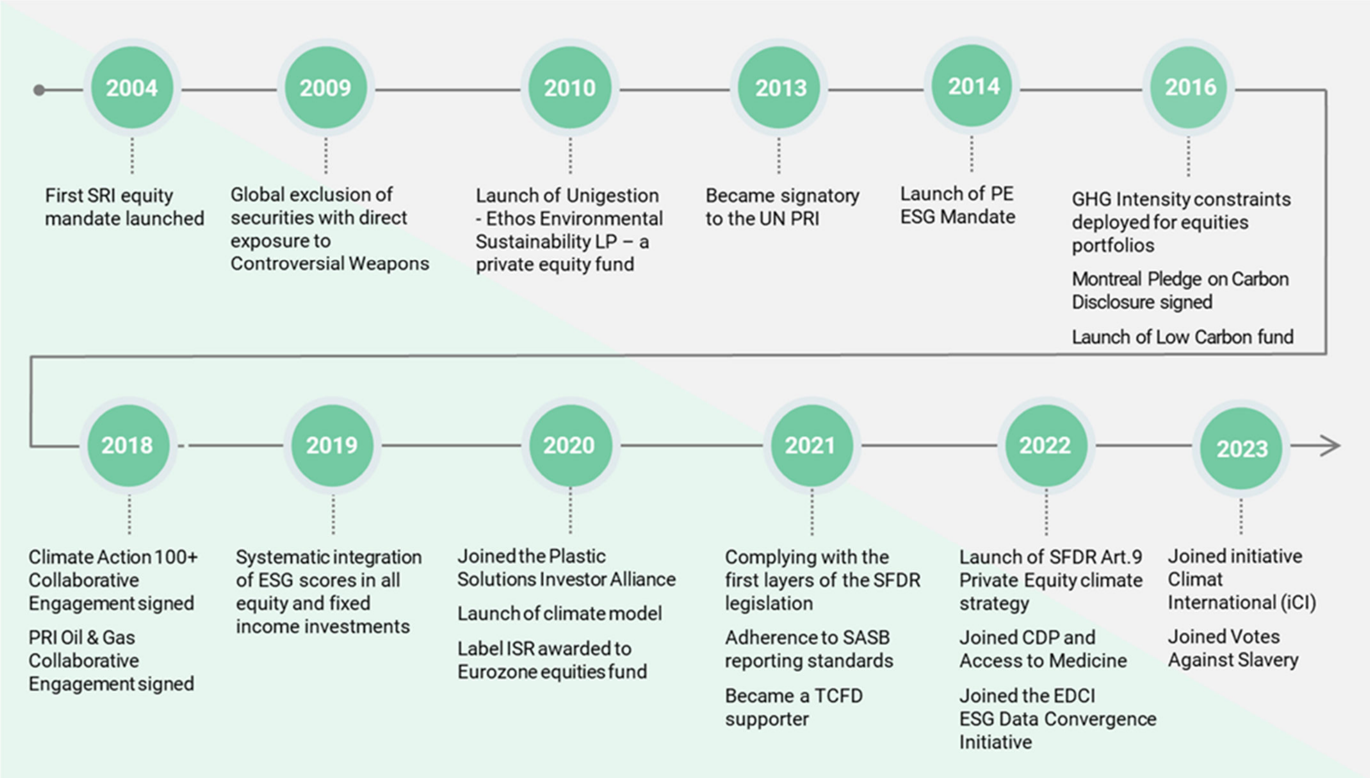
The ESG scoring methodology can be downloaded from our corporate website with the link provided in the Appendix.

Evolution of ESG Investing

Unigestion has been an active proponent of responsible investing since launching our first socially responsible investment (SRI) mandate in 2004. Since then, we have introduced a number of initiatives and products, signed the United Nation's Principles for Responsible Investment (UN PRI) in 2013 and significantly accelerated our SRI-related activities since 2016. The regulatory developments in the EU, in particular after 2019, further sharpened our focus on the different ESG dimensions.

[3] The Global Impact Investing Network (GIIN): What You Need to Know about Impact Investing | The GIIN.

Figure 3: Responsible investment timeline at Unigestion



Investing responsibly is now ingrained into everything we do; from the integration of the UN PRI into our investment processes for both standard and customised products, to the promotion of these practices internally and externally.

Regulatory Framework of ESG

EU Sustainable Finance frameworks (e.g. Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation)

Environment, Social and Governance (ESG) has become a key topic over the last decade. Not only is it at the center of our personal lives but it has also become a main point of focus for the financial and fund industries.

Considering the increased popularity of ESG considerations, the EU introduced Sustainable Finance regulations the objective of which is to ensure that financial market participants are able to finance growth in a sustainable manner over the long term while combating "greenwashing" through transparency on sustainability.

Unigestion is headquartered in Switzerland and, from a legal perspective, only certain parts of Unigestion Group's business are directly subject to EU Sustainable Finance regulation.

However, we are implementing ESG processes at Group level and all Unigestion entities regardless of location will be covered by this document as we believe that adopting EU Sustainable Finance regulations as our benchmark brings consistency and simplicity to our practices for the benefit of both clients and employees.

As a result, we have been analysing and implementing, where necessary, the applicable regulatory frameworks including but not limited to:

- Regulation (EU) 2019/2088 (hereinafter Sustainable Finance Disclosure Regulation "SFDR") and its implementing provisions, notably Delegated Regulation (EU) 2022/1288 (often also called "SFDR RTS")
- Regulation (EU) 2020/852 (hereinafter Taxonomy Regulation "Taxonomy") and its implementing provisions, notably Delegated Regulation (EU) 2021/2139 (often also called "Climate Delegated Act") and Delegated Regulation (EU) 2023/2486 (often also called "Environmental Delegated Act")
- Integration of sustainability risk and factors into regulatory frameworks for AIFMs, UCITS Management Companies and MiFID investment firms, etc.
- Consultations and guidance by European Supervisory Authorities ESAs
- National frameworks (e.g. BaFin Guidance Notice on sustainability risks in Germany, AMF Position-Recommendation 2020-03)

SFDR has introduced sustainability-related disclosure obligations (e.g. in relation to sustainability risks and adverse impacts of investment decisions on sustainability factors). In general, SFDR applies to all financial market participants, financial advisers and financial products in scope regardless of their sustainability ambition. For example, all financial market participants and financial products in scope must disclose information on the integration of sustainability risks. In addition, there is a clear typology with a dedicated set of disclosure rules for financial products promoting environmental/social characteristics (Article 8 SFDR) or having sustainable investment as their objective (Article 9 SFDR).

The financial product typology under SFDR can be summarised as follows:

General product (Article 6 SFDR)	The financial product neither promotes environmental and/or social characteristics (Art. 8 SFDR) nor has sustainable investment as its objective (Art. 9 SFDR).
Article 8 SFDR products	The financial product promotes environmental and/or social characteristics. Article 8 SFDR products: Promotion of environmental/social characteristics (Article 8 SFDR) = Invests in line with promoted environmental/social characteristics + Good governance of investee companies
Article 9 SFDR products	The financial product has sustainable investment as its objective and makes only sustainable investments (as well as certain ancillary investments). Sustainable Investments (Article 2 (17) SFDR) = Investments contribute to environmental/ social objective + Investments do no significantly harm environmental/social objectives (SFDR DNSH) + Good governance of investee companies

Goals, performance measurement & remuneration policies (consistency with integration of sustainability risks (Art. 5 SFDR)

As per Article 5 SFDR, our remuneration policies are consistent with the integration of sustainability risks since the annual objectives of investment professionals and the annual performance evaluations take into account the integration of sustainability risks. In addition, the remuneration package for investment professionals is directly linked to the sustainability-related performance of financial products. For more information, see our Remuneration Policy.

The Remuneration Policy can be downloaded from our corporate website with the link provided in the appendix.

Responsible Commitment

We believe that well-governed businesses with responsible practices can make a positive contribution to our clients' portfolios over the long term. Sustainability will be a long-term driver for change in markets, countries, sectors and companies, creating significant opportunities for fruitful investment.

Unigestion has increased its commitment to responsible investment since joining the UN PRI in 2013.

Active consideration of responsible investing with our stakeholders is an important part of our ESG framework. In addition, it is a key component of the UN PRI. We are committed to adhering to the UN PRI Principles in line with our fiduciary duties and regulatory obligations as an asset manager:

- We incorporate ESG criteria into investment analysis and decision-making processes.
- We are active owners and incorporate ESG issues into our ownership policies and practices.
- We seek appropriate disclosure on ESG issues by the entities in which we invest.
- We promote acceptance and implementation of the Principles within the investment industry.
- We work together to enhance our effectiveness in implementing the Principles.
- We report on our activities and progress towards implementing the Principles.

Currently, the UN PRI has 5,319 signatories representing USD 121.3 trillion in AUM, globally[4]. PRI Assessment Reports provide signatories with invaluable feedback regarding implementation of SRI practices. Figure 4 below summarises our score and highlights the extent of our efforts to integrate the UN PRI into our investment activities.

We actively use the feedback we receive annually to review and improve our internal processes.

Figure 4: Summary scorecard of PRI Assessment Report for 2023

Our complete PRI Transparent and Assessment Reports are available at https://www.unigestion.com/responsible-investment/policies-and-reporting/

An active participant in the wider ESG community

We believe that our commitment also involves playing an active role in the development and promotion of ESG principles across the investment industry. We are members of Swiss Sustainable Finance, created to promote sustainability in the Swiss financial market

[4] Source: https://www.unpri.org/pri/about-the-pri; as at 09.12.2021.

and to strengthen Switzerland's position as a leading centre worldwide for sustainable finance. Since 2017, we have also been a member of Sustainable Finance Geneva, which promotes Geneva as a hub for sustainable finance.

Further, we strive to actively drive engagement by promoting our views on ESG topics at industry events, including:

- Building Bridges Summit, Geneva, November 2022
- PRI in Person, Barcelona, November 2022
- SuperReturn "Just Better to Net Zero Distribution", Berlin, June 2023
- IPEM "Green returns – how real can they get?", Paris, September 2023
- Impact Forum by Global Impact Investor Network (GIIN), Copenhagen, October 2023
- Sahar Global Summits ESG & Impact Summit "Fiction or Reality: Private Equity Climate Returns can go hand in hand with Private Equity Climate Impact", New York, October 2023
- SuperInvestor "From greenwashing to greenhushing: the end of an era?", Zurich, November 2023
- Alternative Investment Council Sustainable Finance Webinar "Stewardship in Alternative Investments", online, December 2023
- Investors' Forum 2024 "Impact: the next growth wave in our industry?", Geneva, March 2024

Educating our people

All new joiners to Unigestion learn about the importance of responsible investing at a dedicated session on their company induction day.

Governance & Objectives

ESG is a priority for Unigestion and as a result, we have established a strong governance framework that empowers our sustainable values and beliefs at the highest level of the Group. Therefore, the Sustainability Committee reports directly to the Executive Committee (ExCo). As the ExCo is the highest decision-making committee within the Unigestion Group, its decisions then apply at all levels of the companies of the Group, in each area of investment expertise and controlled by the risk department.

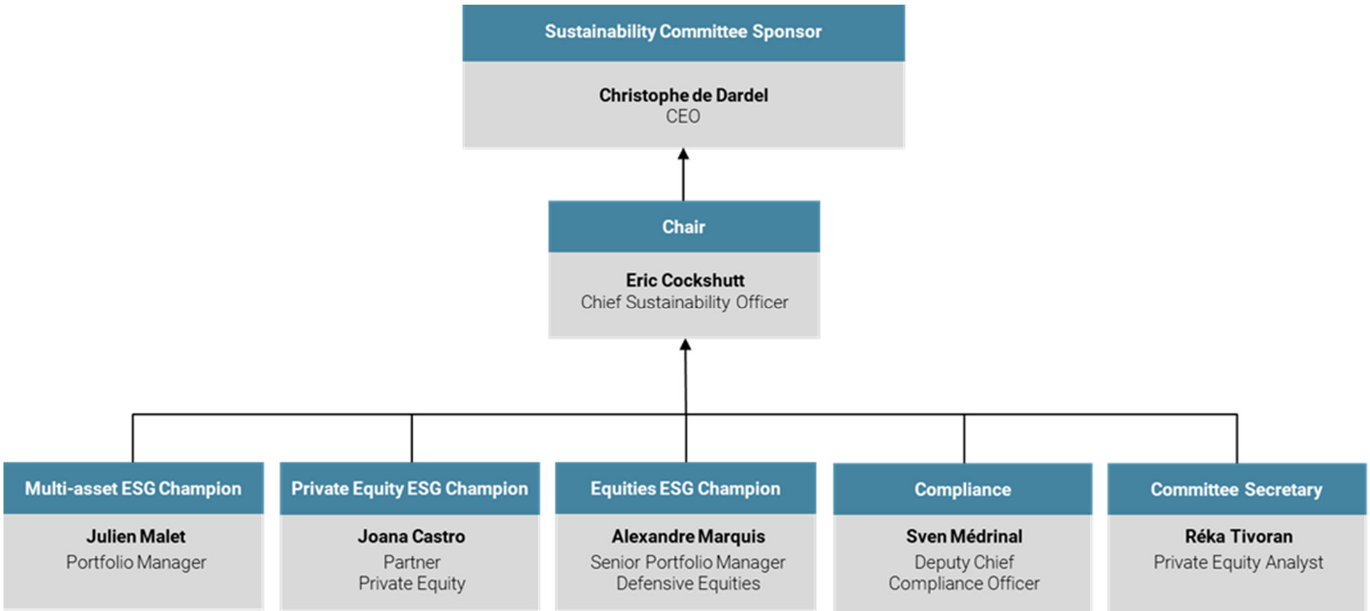
You will find hereunder the responsible governance hierarchy:

Function	Role & Responsibilities
Sustainability Committee	▶ Advise the Executive Committee (ExCo) on defining the approach to responsible investment and sustainability at Group level ▶ Propose ESG strategies and integration methodologies to ExCo and develop the firm's ESG framework ▶ Introduce ESG considerations within investment decision-making processes in a well-structured and aligned way ▶ Responsible for ESG implementation on behalf of ExCo, whether customized or regulatory
Executive Committee	▶ Ultimate responsibility and oversight of all ESG-related activities ▶ Takes strategic decisions on ESG integration based on Sustainability Committee recommendations ▶ Communicates the final decisions to the Investment Committee (IC) ▶ Monitors IC implementation
Investment Committees (IC) / Portfolio managers (PM)	▶ Implement ExCo decisions according to investment line particularities under consideration of ESG specifics
Risk Management (RM)	▶ Daily monitoring of adherence to investment guidelines implied by the overarching ESG strategy (pre + post trade control) ▶ The ability to alert or block trades, should thresholds be reached or nearing limits ▶ Independent monitoring of sustainability risks at asset level across all strategies

Our Sustainability Committee leads the development and integration of SRI principles into all key processes including investment and risk management across the relevant entities and products. Composed of senior management, including our CEO, the Committee has published this Responsible Investing Policy, which establishes the following four principles to guide our activities:

- We integrate **ESG risks** throughout the organisation, including investment decision-making processes
- We **actively engage** and exercise investors' rights as shareholders by voting at shareholder meetings through our customised proxy voting policy, and engaging directly and collaboratively with investee companies or funds and relevant stakeholders
- Where possible, we aim to **increase positive impacts** and to **reduce negative impacts**. However, the scope and nature of these processes are determined at a product level
- We consider ESG best practices by aligning our investment policy with the philosophy of the **UN PRI** and by being an active **member of industry-wide movements** such as Sustainable Finance Geneva and Swiss Sustainable Finance.

Figure 5: Sustainability Committee org chart



ESG Reporting

In accordance with the SFDR, dedicated processes have been set up to monitor and report properly internally and externally.

Internally, ESG aspects are reported via different routes including:

- Pre-investment proposals
- Regular risk reporting
- Internal meetings on operational and management levels

Externally, ESG aspects are disclosed to our investors and external stakeholders in accordance with regulatory requirements:

Unigestion's company-level disclosures

- Article 3 SFDR: Sustainability risks management (in this Responsible Investing Policy)
- Article 4 SFDR: No consideration of adverse impacts of investment decisions on sustainability factors (in this Responsible Investing Policy)
- Article 5 SFDR: Integration of sustainability risks in the remuneration policy (Remuneration Policy on the website)

Product disclosures

- Article 6 SFDR: Sustainability risks disclosures in fund documents
- Article 8-11 SFDR: Transparency of the promotion of environmental/social characteristics (Article 8 SFDR funds) or of sustainable investment objectives (Article 9 SFDR funds) in fund documents, on the website and in annual reports, where relevant

In addition to regulatory reporting, we provide ESG reporting of all our liquid products on a monthly basis and all our illiquid products at least on an annual basis (except if these are in liquidation process or close to it).

RESPONSIBLE INVESTMENT PROCESS

General Process

Entity level

We believe that integrating ESG criteria is about more than simply providing responsible investment services – it's our deeply held conviction that we need to act responsibly in everything we do.

We are continuously striving to reduce our carbon footprint in the buildings we use, the natural resources that our offices consume, and the impact of our employees on the move. To reduce the environmental impact of our premises, we look closely at both the buildings themselves and the use of resources in our offices.

We believe that a company's most important asset is its people. We seek to provide a working environment built on trust, respect, support and empowerment in which our employees can thrive and achieve their full potential. Our commitment to ongoing research and innovation helps create a dynamic environment where new ideas are welcomed and developed and learning never stops.

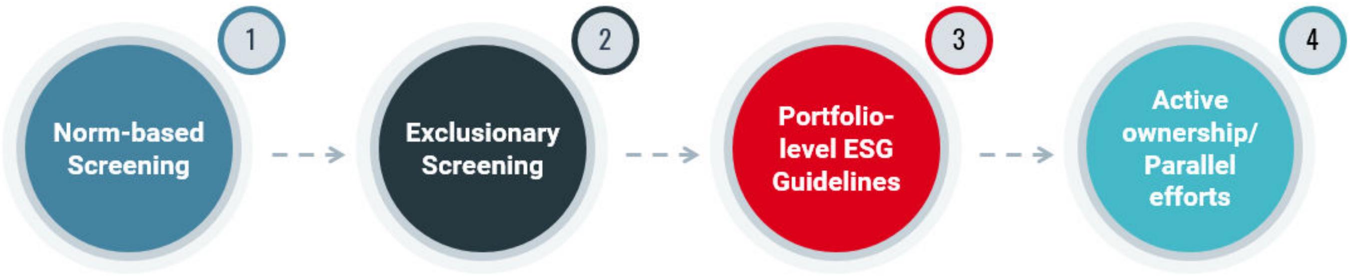
We are convinced that good corporate governance provides long-term shareholder value, sustainable partnerships with our clients, resilience of our business, responsible long-term development of our human talent pool and respectful relations with other stakeholders.

Our Corporate Social Responsibility Report covers those topics that matter most to our stakeholders; our clients, employees, shareholders, portfolio companies, and regulatory partners. It explains how ESG considerations are integrated into different layers of our company.

The Corporate Social Responsibility Report can be downloaded from our corporate website with the link provided in the Appendix.

Product level

In order to harmonize ESG efforts across all investment lines, our Sustainability Committee has defined a guideline to address ESG considerations within all asset classes. The aim is for ESG considerations to emerge in all of our investment processes in a harmonized approach, starting with four Pillars:



Pillar I: norm-based screening (bottom-up / all asset classes)

In addition to guiding and monitoring ESG implementation across all investment activities, the Sustainability Committee is also accountable for validating companywide policies on sector and activity exclusion.

Norm-based screening is the process of excluding instruments associated with key social or environmental issues. According to the European Sustainable Investment Forum, it is the "screening of investments according to their compliance with international standards and norms".

We believe such exclusions should be applied across the firm and all direct assets we manage for our clients, excluding investments in funds, which may not control for these subjects.

For indirect exposures, Unigestion supports any initiative to promote the use of indices which do not comprise any of these activities.

Below is a list of exclusions applied across all investment lines since 2019.

Figure 6: Exclusions applied across all investment activities

Exclusions		Description
UN Global Compact Non-Compliant	*Human Rights**	Businesses that do not support and respect the protection of internationally recognised human rights or are complicit in human rights abuses
	*Labour**	Businesses that do not uphold: ▸ the freedom of association and the effective recognition of the right to collective bargaining ▸ the elimination of all forms of forced and compulsory labour ▸ the effective abolition of child labour ▸ the elimination of discrimination in respect of employment and occupation
	*Environment**	Businesses that do not: ▸ support a precautionary approach to environmental challenges ▸ undertake initiatives to promote greater environmental responsibility ▸ encourage the development and diffusion of environmentally friendly technologies
	*Anti-Corruption**	Businesses with any corruption allegation, including extortion and bribery
Controversial Weapons**		Businesses that manufacture, distribute or sell controversial arms or ammunitions such as cluster bombs, landmines, depleted uranium, etc.
Adult Entertainment Producers***		Businesses principally engaged in the production of pornography
Tobacco Producers***		Businesses active in the cultivation and production of tobacco
Thermal Coal***		Businesses with more than 10% of their total revenue derived from thermal coal
Predatory Lending***		Businesses directly involved in any lending practice that imposes unfair, deceptive or abusive loan terms on borrowers. We exclude any business with an overall level of product involvement in that activity of greater than 5%.

* As described by UN Global Compact Principles (UNGC), Source: Sustainalytics or other publicly available sources
** Sources: NBIM, Sustainalytics or other publicly available sources
*** Source: Sustainalytics

In case of any doubt regarding information acquired from external data providers, our investment teams will perform a thorough search of the subject, including direct discussions with the company, brokers and review of publicly available material of the company as well as other sources of information.

For ESG criteria, Unigestion is using certain data sources which were chosen following a detailed due diligence of processes of the provider. However, our clients may use other data sources, which at some instances may result in different outcomes compared to the ones Unigestion uses. In case of mandates, Unigestion is managing the accounts on behalf of its clients. If a client's view, based on their data source, is contradicting Unigestion's view based on its own data source, the client's view would prevail. Treatment of divergences would nevertheless be the subject of a written confirmation with the client in order to ascertain the same level of understanding of the situation.

A full definition of each topic can be found in the appendix.

Norm-based screening implementation

These standards are implemented on a best-effort basis, taking into account local regulation and both a client's as well as fund's best interests, with a transition period following their initial implementation for the funds / mandates in scope, and following periodic revisions of the exclusion lists. If the application of this standard dictates divestments, portfolio managers shall disinvest at their discretion within this transition period taking into account the portfolio impacts based on market conditions, liquidity and portfolio construction constraints. In practice, some targeted instruments could remain in the funds or mandates for a period if deemed in the best interest of clients.

PM performs the initial analysis, RM reviews the framework initially and implements pre- and post-trade checks on a daily basis.

Pillar II: exclusionary screening (bottom-up / asset class specific)

Negative or exclusionary screening is the process of excluding instruments from an investment universe based on our expectations regarding specific ESG-related risks to a particular asset class.

Further to norm-based screening, Unigestion considers various such exclusions in each asset class. This is described in this Responsible Investing Policy for each asset class in the following sections.

PM performs the initial analysis, RM reviews the framework initially and implements pre- and post-trade checks on a daily basis.

Pillar I and II are bottom-up applications.

Pillar III: portfolio-level ESG guidelines (top-down / asset class specific)

We require our portfolios in each asset class to maintain an ESG score that is higher than a pre-defined benchmark on an ongoing basis. This is achieved through a continuous positive tilt to investments with better ESG scores and a negative tilt to the ones with the worst ESG scores.

In the majority of our investments, when applicable, we also maintain a control on the greenhouse gas (GHG) intensity versus a reference on an ongoing basis.

PM does the deep dive based on various information (ESG ratings, research and newspapers, dialogue with companies), RM assesses it via independent stress tests (climate risk), performs standard checks based on investment guidelines. On a case-by-case basis and may challenge PM on the materiality principle.

Pillar IV: Active ownership / parallel efforts (all asset classes)

Unigestion aims to be an active owner of companies on ESG issues where we have a reasonable chance of influencing their behaviour and positioning positively.

We believe that in the long term, this process will contribute positively to our portfolios' risk/return profile.

When the process doesn't involve companies, we have other parallel considerations such as investing in green bonds in the case of sovereign investments which is considered relevant to the asset class. Details are described for each asset class in the following sections.

Overall, our Pillar IV comprises of all of our efforts and activities beyond the portfolio-level ESG guidelines covered in Pillar III.

All strategies

Unigestion believes that collective action by investors with mutual interests can enhance engagement efforts. As such, we contribute to the following collaborative initiatives:

- Since 2018, we have been a participant in the Climate Action 100+ initiative, together with a further 700 signatories representing USD 68 trillion of investments. This project, led by both asset managers and asset owners, aims to engage with 170 of the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change. We are a supporting investor in the engagements with Nestlé, Carrefour, Unilever, Walmart and Hon Hai.
- We are strong believers that climate change is a risk that must be measured and managed. As such, we are pleased to support the work of the Transition Pathway Initiative (TPI), as its deep analysis aids us in making informed investment decisions and provides a rich background for our engagement initiatives
- Carbon Disclosure Project (CDP) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. The world's economy looks to CDP as the gold standard of environmental reporting with the richest and most comprehensive dataset on corporate and city action. We joined this initiative in 2022.
- Established by the Jeremy Coller Foundation, the FAIRR Initiative is a collaborative investor network that raises awareness of the environmental, social and governance (ESG) risks and opportunities brought about by intensive livestock production. We have been a supporting investor in the sustainable protein engagement with Nestlé.
- During 2022, we began work with the Access to Medicine Foundation which stimulates and guides pharmaceutical companies to do more for the people living in low- and middle-income countries without access to medicine.
- In 2020, we joined the Plastic Solutions Investor Alliance, an international coalition of over 45 investors that engages with publicly traded consumer goods companies on the threat posed by plastic waste and pollution.
- In January 2022, we joined the ESG Data Convergence Initiative (EDCI). This initiative focuses on streamlining the private equity approach to collecting and reporting ESG data in order to create a critical mass of meaningful, performance-based, comparable ESG data from private companies.
- 2023, Unigestion became a member of the Initiative Climat International (iCI) whose clarion call is clear: namely, that the global private equity industry do its part by leveraging tried-and-tested methodologies to analyse and mitigate carbon emissions and exposure to climate-related financial risks in their portfolios.
- Over the course of 2023, we joined a new collaborative initiative coordinated by Rathbones called Votes Against Slavery. Modern slavery is a widespread, criminal activity which has a significant economic impact globally. We expect the members of the FTSE 350 and FTSE AIM to be leading in this area, and to take substantial action to address the prevalence of slavery within their supply chains.
- In 2024 we joined the Spring; a PRI stewardship initiative for nature, convening investors to use their influence to halt and reverse global biodiversity loss by 2030. We are a supporting investor in the engagements with Banco Bradesco, L'Oreal S.A., Reckitt Benckiser Group plc and Toyota.

Equity strategies

<u>Proxy voting</u>

Unigestion's proxy voting is carried out by ISS based upon our customised policy built upon their International Sustainable Proxy Voting policy with enhancements to address stricter rules for director and auditor independence as well as the incorporation of ISS's Climate Voting Services, which uses their Climate Scorecard. The equity investment team and the Sustainability Committee monitor the voting guidelines to ensure they are aligned with our approach to stewardship.

Individual direct engagement

Our goal is to deliver on the transition towards a more sustainable future while protecting of our clients' assets. As such, we recognize that the value of ESG and stewardship is underpinned by a double materiality:

- Firstly, on the fundamental side, it is a key element of risk management as poor ESG practices increase business risks. Our fundamental engagement efforts aim at fine tuning the risk profile and value potential of the investment case, beyond our core financial assessment. We analyse and integrate material sustainability issues to better capture the risk reward profile of our equity investment and appreciate how they can enhance, destroy or protect value in the medium to long term.

- Secondly, over time, engaging with companies to influence and hold them accountable for improving their ESG practices represents our "social alpha". We are not short-term activists expecting to make share prices jump quickly, but long-term partners, ensuring long-term sustainable goals are in place for the companies we invest in.

We therefore base the selection of engagement candidates on their financial materiality for our portfolios and four main catalysts:

I. AGM-based Engagements

We engage with portfolio companies on a variety of issues of most relevance to investors: Environmental subjects, climate change, human rights, labour rights, public health & safety, business ethics, corporate governance.

II. ESG or Controversy Engagements

Within the framework of our ESG integration process, we have defined and incorporated monitoring rules to identify those listed companies which we hold in portfolios involved in significant incidents which may negatively impact stakeholders, the environment or the company's operations, commonly known as controversies.

We have defined and incorporated a rule to identify portfolio companies within the worst decile of our proprietary ESG score that have shown signs of improvement over the long-term. We have decided to keep these companies in our portfolios, while engaging with them based on our internal evaluation of their ESG issues.

III. Thematic Engagement

The responsibility of companies with respect to Sustainable Development Goals (SDGs) is part of a qualitative research performed by the analysts. For a couple of years now, SDG13 – Climate Action, has been an overriding theme to consider for all of our engagements. As such, we will reach out directly and collaboratively to both publicly listed and privately held investee companies on issues such as their Net Zero and Paris Agreement commitments, and carbon footprints. We use our fundamental knowledge of companies and industries to pick specific topics for engagement and link them with SDG targets.

IV. Client Specific Requests or Certain Requirements

Finally, certain clients and portfolios require specific engagements in order to meet their stewardship objectives. Also, for some of our funds which qualify as SRI funds under the European SRI Transparency Code, we have predefined certain objectives which may require specific engagements over time.

We acknowledge that engagement is an activity which may take many years to bear fruit. Building constructive relationships over time is crucial, however, retaining the option to escalate plays an important part in our ability to influence issuers. We should remain conscious that our ability to influence might remain limited in the vast majority of situations because of our size. However, as we do our duty as a responsible investor and more investors do the same, we believe that this will lead to changes in the future.

If we are not satisfied with the progress of our engagement objectives or responsiveness of engaged companies, we make a case-by-case assessment for escalation decided by the Corporate Engagement Team.

We have a number of different ways to escalate our engagements:

- Proxy Voting: voting against management at the AGM.

- Supporting shareholder resolutions: either initiated by third-parties or by joining shareholder groups.

- Collaborative engagement: collaboration with other investors, asset managers and asset owners as a collective way to pursue change. Unigestion participates in collaborative engagement initiatives with likeminded Asset Managers and Asset Owners as enumerated above. Unigestion can take either a lead or a supporting role.

- Partial or complete divestment: although our preferred method of engagement is constructive dialogue, if all other escalation channels have been exhausted and we see insufficient improvement over a reasonable period, we may reduce our exposure, or completely divest, as a reflection of the increased risk of the investment.

Multi-asset and alternative strategies

The equity portion of our multi-asset investments follow the same path as our equity strategies.

For other asset classes, we have additional considerations which are beyond scoring, such as investing in green bonds for our sovereign strategies or investing in responsible precious metals for commodities.

Private equity strategies

Direct investments

Portfolio companies are assigned an overall ESG score as part of the analysis of a set of ESG criteria. In order to drive high ESG standards, for each criterion, a tailored engagement plan is implemented and priorities are allocated depending on the scale of the issue and the potential for improvement. The identified issues are then relayed back to the portfolio company to establish a plan for addressing them.

The level of engagement and the action required will differ on a case-by-case basis. Examples of engagement include optimising processes to reduce energy and water consumption (e.g. through the installation of drop-by-drop irrigation systems), or improving governance mechanisms.

Fund investments

To achieve and enforce the application of our ESG framework, the fund investment team negotiates a side letter agreement with the managers.

The fund investment team integrates ESG issues into its day-to-day practices and monitors progress on an ongoing basis as part of a continuous engagement program. Fund investments are assigned an overall ESG score as part of the due diligence. The identified issues are relayed back to the manager to establish a plan for addressing them. We follow a policy of active ownership, raising ESG concerns both in bilateral interactions with fund managers and via our role on Advisory Boards of funds.

The level of engagement and the action required will differ on a case-by-case basis.

In order to drive best-in-class ESG standards, we actively engage with our managers post-investment. We then reassess each manager against the ESG criteria on an annual basis to measure any development and to readjust any measures taken.

An annual report is then released internally to inform the Investment Committee and the Sustainability Committee and a formal annual ESG report is shared with the investors. In addition, our funds' quarterly reports also include the evolution of ESG scores which are updated on an annual basis.

It is the responsibility of portfolio managers (from here on PM) to define and implement the day-to-day asset-specific engagement procedures, while risk managers (from here on RM) and Compliance define risk-based checks in certain cases.

For details on the engagement process, our Engagement Policy can be downloaded from our corporate website via the link provided in the Appendix.

ESG Risk Identification and Assessment (integration of sustainability risks in the investment decision-making process (Art. 3 (1) SFDR))

Equity strategies

Consistent with our corporate commitment, we have taken significant steps to integrate the identification and assessment of ESG risks into our equity strategies.

We believe that integrating ESG criteria into our investment and decision-making processes is essential to reducing the risks of our investments. A 360° approach to risk assessment is at the heart of our process. ESG risks are naturally integrated into the assessment process and the outcomes affect the way we select investments and build portfolios. In addition to traditional risk measures such as fundamentals, volatility and liquidity, key considerations within our risk assessment also include ESG risks of companies, their GHG intensity as well as potential controversies.

Figure 7: Unigestion's 360° risk assessment

The assessment consists of qualitative and quantitative elements. We use the following approach:

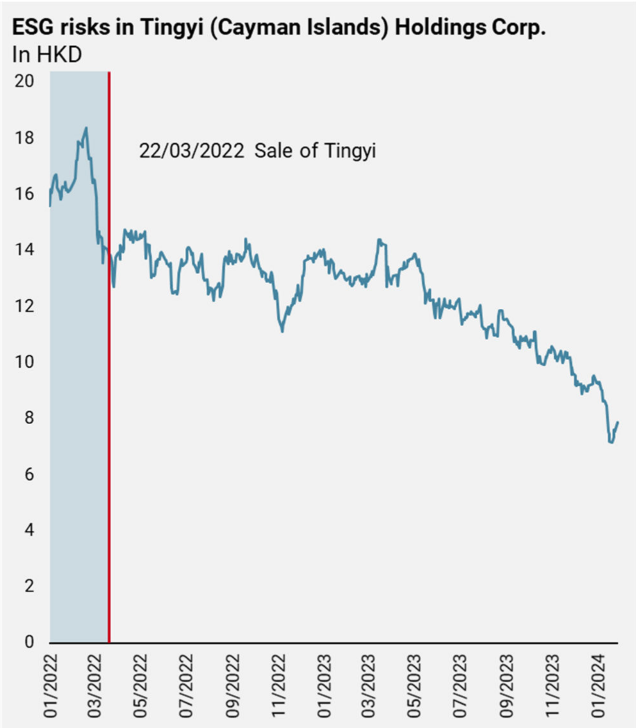
(1) Exclusions	Pillar I: Norm-based screening (Bottom-Up) Unigestion considers six such exclusions as explained in the "General process" sections. Pillar II: Exclusionary screening (Bottom-Up) Further to norm-based screening, Unigestion considers four such exclusions: - non-covered companies, - worst-in-class companies, - high carbon emitters. - companies with severe controversy level. The essential KPIs for the exclusionary screening is either the ESG score which is determined by our proprietary ESG assessment approach (see next point) or the GHG intensity of the underlying company. PM first reviews the exclusions and RM checks independently.
(2) Internal ESG Score	Hereafter, 'ESG score' refers to Unigestion's score (see link to the ESG scoring methodology for listed securities in the Appendix). The focus of the ESG score is to determine the ESG risk based on different qualitative and quantitative KPIs. More information about our methodology is provided below. Pillar III: ESG Guidelines (Top-Down) To enforce positive effects as well as ensure higher quality of controlling ESG risks, we build our portfolios by effectively favouring investments with higher ESG scores. We ensure an overall ESG score rank that is higher than the market reference, whose stocks in the worst quintile have been removed based on rankings from our internal scoring methodology. In case of mandates, if an ESG index is appointed, we follow the ESG index Score rank as the determining level. In addition, at the aggregated portfolio level, we ensure that the total GHG intensity is, at least 20% lower than the market reference, with exception of portfolios that have an ESG screened index as the benchmark, in which case, the GHG intensity target is that of the index. The methodology and application are presented to all of our clients, and may be implemented upon request.

	Fundamental Review The resulting portfolio leads to a list of purchase candidates, which is then reviewed thoroughly by our portfolio managers and fundamental analysts. This review, although discretionary by nature, is highly disciplined and ESG risk is an integral part of the broader criteria used for validating the stocks within the portfolio. As this review may result in further exclusions, the last step may need to be repeated multiple times in order to find the optimal solution. PM is responsible for the asset-specific detailed ESG risk analysis while RM performs checks on a case-by-case basis based on the materiality of potential risks identified.
(3) Stress tests & scenario analysis	The implementation of a quantitative model for the assessment of sustainability risks on the value of portfolios is a vast endeavour that will rely heavily on data that may not be available imminently. Therefore, the Unigestion Risk Management Team (RM) has decided to adopt a staggered approach, concentrating on the ESG factor of climate change impact in the first stage. From an investor's perspective, climate change is a threat which could potentially negatively impact economic growth, inflation and investment returns. At Unigestion, we differentiate between two types of climate risk: physical risk and transition risk. Physical risk is the risk of damage to land, buildings and infrastructure because of droughts, storms or flooding. Transition risk is the risk to businesses and assets because of policy, legal and market changes as the world seeks to transition to a lower carbon economy. The latter includes reputational risks arising as a result of climate change. The Inter-Governmental Panel on Climate Change (IPCC) has provided four main scenarios for future carbon emissions and associated global warming projections, known as Representative Concentration Pathways (RCPs), which are based on the human production of greenhouse gases from all sources. The IPCC chose to represent a broad range of climate outcomes, from which we have decided to concentrate on the RCP 2.6 and RCP 8.5 scenarios. These scenarios correspond respectively to the expected outcome of the Paris Agreement, which aims to hold the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels, and to an unmitigated scenario in which emissions continue to rise throughout the 21st century. Climate change does not impact all investment assets in an equal manner. Several recent studies have shown that there is a significant relationship, over long time periods, between temperature change and GDP growth. This can be linked to the expected returns of two factors that we have constructed with the aim at capturing the effect of the transition and physical risks respectively. We have created a model, based on the relationship between the returns of the assets in the portfolios we manage and the expected outcome of the RCP scenarios on the two transition risk and physical risk factors, that allows us to estimate the impact of the various climate change scenarios on the portfolio's value over various time horizons. For all of the potential and material non-climate risks, in addition to our norm-based exclusions, we conduct a qualitative assessment on a case-by-case basis. PM performs qualitative reviews of each instrument covering all material ESG aspects, while RM performs independent climate-related stress tests.

Paying attention to ESG risks has been beneficial to our strategies in the past, allowing us to identify risks before they materialised in the market.

A recent example is that of Tingyi (Cayman Islands) Holdings Corp. Tingyi is a Chinese based investment holding company mainly engaged in the production and sales of instant noodles and beverages.

Figure 8: Tingyi, an example of an ESG Issue Affecting a Stock



The Facts

- During March 2022, Tingyi saw its largest daily decline since 2018 triggered by a consumers-rights television show that exposed poor food hygiene standards at a supplier.
- We re-rated its ESG score based upon the recent negative food hygiene issue, in addition to its heavy dependence on palm oil.
- Additionally, raw material prices were expected to have a negative impact on Tingyi's profitability.
- We sold our shares on 22 March 2022, the day that the ESG score was re-rated.
- By the close of 2023, Tingyi shares sat at less than half of the price we sold them at.

Source: Bloomberg, Unigestion.

A detailed version of our process regarding equity strategies is available in Annex I.

Multi-asset strategies

Equities

The same approach is adopted as for equities.

Commodities

(1) Exclusions	Pillar I: norm-based screening (bottom-up) ▸ Not applicable Pillar II: exclusionary screening (bottom-up) ▸ Not applicable
(2) Internal ESG Score	Pillar III: ESG guidelines ▸ Not applicable
(3) Beyond the score	Pillar IV: parallel process ▸ For precious metals (gold and silver), we follow the Responsible Gold Guidance of the London Bullion Market Association (LBMA), effectively investing in LBMA approved good delivery gold or derivatives backed by such delivery. The Responsible Gold Guidance for good delivery refiners in order to combat serious abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice. In practice, this means using European Listed Physical ETPs backed by LBMA gold bars or gold forward contracts referenced by the London gold price. RM performs checks on a case-by-case basis based on the materiality.

	▶ For other commodities, we incorporate carbon (EU Allowance, EUA) futures as part of our cyclical commodities basket (Energies and Industrial Metals). While we are not targeting a complete offset of the carbon footprint (i.e. carbon neutrality), adding EUA in the cyclical commodities basket offset a significant portion of it (circa 50% as of September 2021). RM performs checks on a case-by-case basis based on the materiality.
(4) Stress tests & scenario analysis	Qualitative expert assessments where PM and RM discuss the relevant approach based on the asset specifics

Government bonds

(1) Exclusions	Pillar I: norm-based screening (bottom-up) ▶ Not applicable Pillar II: exclusionary screening (bottom-up) Similar to equities, negative or exclusionary screening is the process of excluding countries (as opposed to companies in the equities approach) from an investment universe based on our expectations regarding specific ESG risks. Unigestion considers three such exclusions: ▶ non-covered countries, ▶ worst-in-class countries and ▶ high carbon emitters. PM first reviews the exclusions and RM checks independently.
(2) Internal ESG Score	Pillar III: ESG guidelines (top-down) The global country allocation is then determined through an optimisation process on the investable universe. To enforce positive effects as well as ensure higher quality of controlling ESG risks, the objective is to maximise the overall ESG score while maintaining a diversified allocation across countries by controlling the tracking error versus the initial allocation. At this stage, by effectively favouring countries with higher ESG scores, we ensure that the overall ESG score is above the benchmark index selected for the portfolio (Benchmark Index) while the allocation across countries is not distorted by too many exclusions. The target allocations will be reviewed on a bi-yearly basis on June 30th and December 31st and changes, if applicable, will be implemented in the first 15 days of the following month. Pillar IV: parallel process Investing in green bonds is one way to promote commitments to climate and responsible investment and we have decided to favour these over other government bonds. PM is responsible for the asset-specific detailed ESG risk analysis while RM performs checks on a case-by-case basis based on the materiality.
(3) Stress tests & scenario analysis	Qualitative expert assessments where PM and RM discuss the relevant approach based on the asset specifics.

A detailed version of our process regarding government bond strategies is available in Annex II.

Concerning other assets held in multi-asset strategies, such as single-name futures, indices, and other derivatives, currently we have not established a full process for ESG integration due to the complexity of the underlying.

ESG risks with respect to single-name instruments would be evaluated qualitatively, based on the parent company or country of the underlying.

Wealth Management Strategies

Within our wealth management activity, ESG is implemented differently depending on the type of service rendered.

For discretionary mandates, we apply ESG related exclusionary screenings as set up in Pillar I. Pillars II and III are implemented at the client's explicit request. ESG overlays and implementation are reviewed annually along with the client's suitability profile.

For advisory mandates, we apply ESG related exclusionary screenings as set up in Pillar I by not proposing any excluded stocks.

For execution only mandates, because of the nature of the service, none of the Pillars can be applied.

We regularly share our ESG offering with our clients by presenting the various products and solutions we manage. We also advise and propose, whenever applicable, Pillars II and III into our services.

Private equity strategies

Direct investments

(1) Support to environmental and social themes / sustainable investment objective	In direct investments, we look for companies whose growth is underpinned by long-term trends and whose respective economic activity supports one or more environmental and/or social themes we have selected (e.g. water management, waste recycling, elderly care, education, pharmaceuticals and health-related services). In our climate impact strategy, we have the sustainable investment objective to invest in companies whose economic activities contribute at least to one of the following environmental objectives described in more detail in the EU Taxonomy: (i) climate change mitigation, (ii) climate change adaptation, (iii) transition to a circular economy and (iv) protection and restoration of biodiversity and ecosystems. The investments made pursuant to this strategy are aligned mostly with SDG 7 (Affordable and clean energy) and SDG 13 (Climate Action). For details on our climate impact strategy, please refer to the section "Sustainability-related disclosures" of our corporate website via the link provided in the Appendix.
(2) Exclusions	Pillar I: norm-based screening (bottom-up) Unigestion considers six such exclusions as explained in the "General process" sections. Pillar II: exclusionary screening (bottom-up) ▸ companies with no ESG policy and no plans to develop one ▸ companies with ESG-related litigations ▸ high carbon emitters (identified through a quantitative assessment if available or qualitative assessment) PM first reviews the exclusions and RM checks independently.
(3) Internal ESG Score	The focus of the ESG score is to determine how advanced portfolio companies are in addressing ESG matters, based on 50 qualitative and quantitative criteria. More information about our methodology is provided in Annex III. Pillar III: ESG guidelines (top-down) We monitor ESG scores annually and measure progresses versus pre-investment assessment, both at company level and at overall portfolio level. PM is responsible for the assessment and RM checks independently.
(4) Stress tests & scenario analysis	We perform a qualitative and quantitative assessment of material ESG risks at company level based on risk categories specific to the company's industry sector. For each company, we run a stress test analysis on those. This analysis enables us to determine the expected financial impact, should such ESG risks materialise. PM performs the assessment and the stress test analysis and RM checks independently.

Fund investments

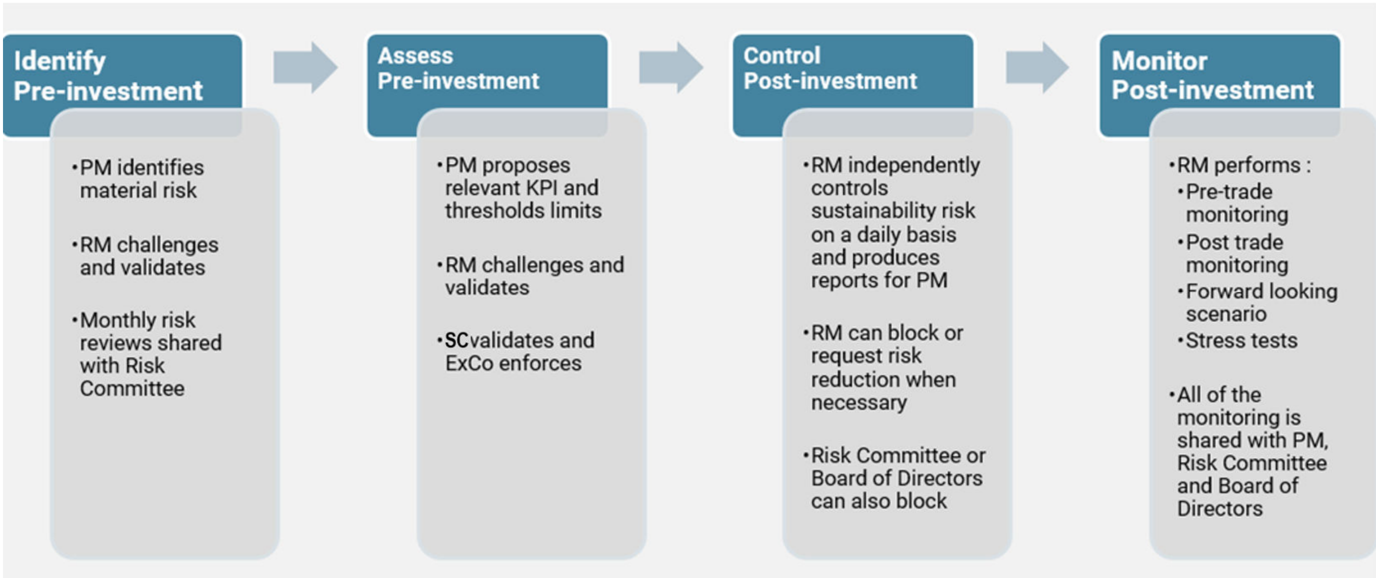
(1) Exclusions	Pillar I: norm-based screening (bottom-up) Unigestion considers six such exclusions as explained in the "General process" sections. We enforce these exclusions in side letter agreements with the managers. Pillar II: Exclusionary screening (bottom-up) ▸ funds of managers who have no ESG policy and no plans to develop one ▸ funds of managers with ESG-related litigations

	▸ funds targeting companies identified as high carbon emitters (through quantitative assessment if available or qualitative assessment). PM first reviews the exclusions and RM checks independently.
(2) Internal ESG Score	The focus of the ESG score is to determine how advanced fund managers are in addressing ESG matters based on 76 qualitative and quantitative criteria. More information about our methodology is provided in Annex III. Pillar III: ESG guidelines (top-down) We monitor ESG scores annually and measure progresses versus pre-investment assessment, both at fund manager level and at overall portfolio level. PM is responsible for the assessment and RM checks independently.
(3) Stress tests & scenario analysis	We perform a qualitative and quantitative assessment of material ESG risks at fund level based on risk categories specific to the fund's target industry sectors. For each fund, we run a stress test analysis on those. This analysis enables us to determine the expected financial impact, should such ESG risks materialise. PM performs the assessment and the stress test analysis and RM checks independently.

A detailed version of our process regarding private equity strategies is available in Annex III.

Risk Management

We apply ESG risk analysis throughout our investment decision process (pre- and post-investment) including the following steps:



- Risk identification

All staff in investment lines and support functions contribute to the identification of material risks pre-investment through a due diligence process. Post-investment risk management is applied through the regular review of investment risks in portfolios in partnership with the investment lines and the investment Risk Management (RM) function, and then further by ad-hoc reporting to management or the Risk Committee.

The Risk Committee is tasked with reviewing the global risk exposures of Unigestion and making recommendations to the business for actions to be taken to manage such exposures. It monitors the risks, both direct and indirect, to which Unigestion and its clients are exposed, within the realm of the mandates signed with them.

It meets on a monthly basis, is chaired by the Chief Risk Officer, and is comprised of the CEO and of delegates of all investment lines and support functions. The Risk Committee validates Unigestion's internal limits to be applied to products and mandates and on the credit quality of counterparties.

- Risk assessment

For all risks identified, the investment lines work in collaboration with the Risk Management (RM) function to select one or several risk measures for regular risk assessment. Where relevant, early warning thresholds and limits are defined and agreed by investment line management and Risk Management (RM). Thresholds and limits are validated by the Sustainability Committee and enforced by ExCo.

- Risk controlling

Risks are managed on a daily basis by the investment lines and the operations teams, based on the performance and risk information produced internally or by the Risk Management function. Whenever required or deemed necessary, the Risk Management (RM) function, the Risk Committee or the Board of Directors have power to instruct investment lines to act on portfolios in order to reduce risks that may be considered unacceptable.

- Risk monitoring

The monitoring of portfolios vs the regulatory, contractual & policy thresholds and limits is performed pre-trade (whenever required) and close-of-business (always) by the Risk Management (RM) function and reported to the respective investment lines, the Risk Committee and the Board of Directors on the appropriate frequency with the required granularity in order to allow efficient decision making. In addition to the regular monitoring of risk measures, investment lines and the Risk Management (RM) function may perform forward-looking scenario analysis and stress tests on all risk types in order to test the resilience of the investment management process and of the portfolios.

ESG risks are considered across all investment strategies we offer. Due to the differences between the investment strategies, different risk management approaches may be applied.

Risk Categories

In order to calculate the potential financial loss related to ESG, we apply the following risk categories in accordance with different regulatory frameworks:

Risk	Description
Environment-related (E)	Environment-related risks are driven by environmental factors. They should be understood as the financial risks posed by the institution's exposure to assets that may potentially contribute to or be affected by climate change and other forms of environmental degradation (such as air pollution, water pollution, scarcity of fresh water, land contamination, biodiversity loss and deforestation). Climate-related risks may arise from transitional risks as a consequence of the transition to a low-carbon economy or from physical risks as a consequence of the physical effect of climate change.
Society-related (S)	Society-related risks are financial risks that arise from, for example, sub-standard working conditions, slavery and child labour, damage to local communities including indigenous communities, damage to health and lack of safety, damage to employee relations and diversity.
Governance-related (G)	Governance-related risks are financial risks that arise from, for example, the insufficient governance including, for example, unsustainable executive pay, bribery and corruption, political lobbying and donations, board diversity and structure, tax strategy.

Risk Monitoring

Product level

Monitoring takes place on an ongoing basis via:

- Update of external (for liquid assets only) and internal ESG ratings
- Regular update of risk reports for liquid assets
- Discussion in Investment Committee meetings

Company Level

Monitoring takes place on an ongoing basis via:

- Regular update of risk reports
- Discussion of the ESG risks affecting the company with the risk takers
- Discussions in the Sustainability Committee
- Discussion in ExCo meetings
- Discussions in board meetings

INFORMATION ON THE CONSIDERATION OF ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

‘No consideration of adverse impacts of investment decisions on sustainability factors’ (Art. 4 (1) (b) SFDR)

Unigestion does not consider the adverse impacts of its investment decisions on sustainability factors in accordance with Art. 4 (1) (b) SFDR. While we generally consider negative impacts for certain asset classes and products, we are of the opinion that collecting and disclosing aggregated data on adverse impact using the pre-defined set of indicators to measure principal adverse impacts (PAI) set out in SFDR RTS (Delegated Regulation (EU) 2022/1288) has limited value for investors and other stakeholders given the large volume of our assets under management which is spread across diverse investment strategies. We will continue monitoring market developments and the data we collect on adverse impacts for certain asset classes and products. Based on this continuous monitoring, we will, on a regular basis, revisit our decision not to consider adverse impacts of investment decisions on sustainability factors in accordance with Art. 4 (1) (b) SFDR. In the meanwhile, we will further improve our framework to identify and assess adverse impacts and publish information on relevant PAI indicators on a voluntary basis at product level.

DISCLOSURES FOR ART. 8 / 9 SFDR PRODUCTS

Overview

Where relevant and possible, we may decide to offer financial products referred to in Article 8 and Article 9 SFDR. This Responsible Investing Policy describes the framework with regard to those financial products.

Currently, the majority of our liquid products as well as our private equity products that are open (in funding stage) and are within the scope of SFDR are designed to comply with Article 8 SFDR.

Article 8 & 9 SFDR framework

Methodologies incl. how environmental and/or social (E/S) characteristics are met (Art. 8 SFDR)

We comply with Article 8 SFDR for the majority of our liquid products and as explained throughout this Policy, we carefully integrate environmental and social characteristics within our products. Environmental and social characteristics are promoted in the form of:

- reducing GHG intensity, and/or
- meeting a high or improving ESG score, as per the scoring performed by Unigestion (see p. 18 and Annex III of this Responsible Investing Policy).

We also comply with Article 8 SFDR for our direct private equity products for which we invest in companies whose economic activities support one or more environmental and/or social themes we have selected. In our climate impact strategy, we comply with Article 9 SFDR by pursuing the sustainable investment objective to invest in companies whose economic activities contribute at least to one of the following environmental objectives described in more detail in the EU Taxonomy: (i) climate change mitigation, (ii) climate change adaptation, (iii) transition to a circular economy and (iv) protection and restoration of biodiversity and ecosystems. The investments made pursuant to this strategy are aligned mostly with SDG 7 (Affordable and clean energy) and SDG 13 (Climate Action). We manage private equity fund products which comply with Article 8 SFDR for which we invest in funds meeting certain ESG standards, including a minimum ESG score as per the scoring performed by Unigestion.

Periodic reports according to Art. 11 SFDR

The annual reports of our Article 8 and 9 SFDR funds describe (i) the extent to which environmental or social characteristics are met or (ii) the overall sustainability-related impact measured by relevant sustainability indicators.

All funds which are Article 8 or 9 SFDR products will publish an annual report drawn up as per the end of each product's financial year, being 31 December of each year, available to investors at the latest 6 (six) months after the end of the financial year (i.e. 30 June).

Current list of Article 8 & 9 SFDR products*

The list of relevant funds can be found on our website "Sustainability-related disclosures".

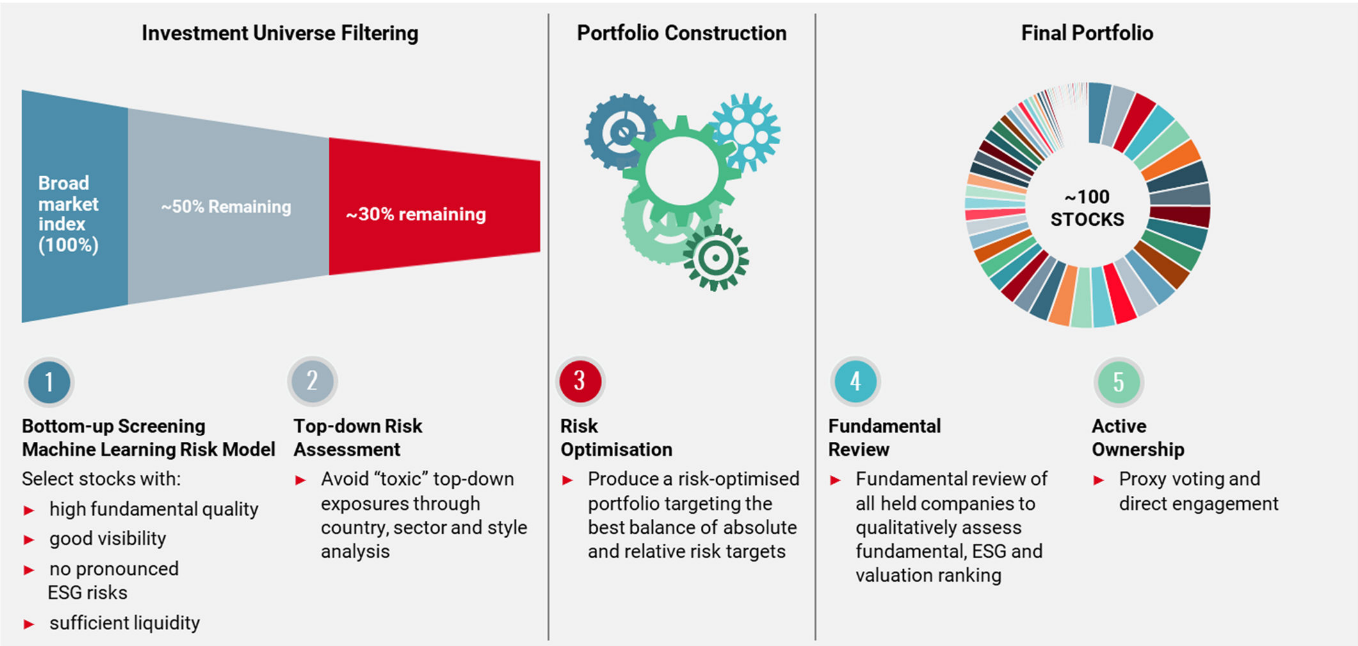
**Excluding products designed for individual investors which are subject to confidentiality obligations.*

ANNEX I

Detailed Process for Equity Strategies

Our investment process for equities consists of five main steps, starting with the broad investment universe and resulting in the final portfolio as described in Figure 9.

Figure 9: Investment process overview



Below, we explain how each of the five steps of the process integrate ESG criteria. Our ESG process has four Pillars, as outlined above. Pillar I and II are implemented in the bottom-up screening stage. Pillar III is implemented in the top-down risk guidelines, optimisation and fundamental review, while Pillar IV is implemented in step 5 of the investment process.

Pillar I: norm-based screening

As explained in detail under "Responsible Investment Process".

Pillar II: exclusionary screening

Unigestion considers four exclusions with regards to specific I ESG-related risks for equities: non-covered companies, worst-in-class companies, high carbon emitters and companies with high levels of ongoing controversial events.

Non-covered companies

We exclude from the investment universe companies that are not covered by our ESG score – see the link in the Appendix for a full scoring methodology for listed securities. Hereafter, 'ESG score' refers to Unigestion's score.

Worst-in-class companies

We favour companies with good or improving ESG scores. In general, we aim to exclude companies with ESG scores below a global level of 60 (ESG scores are from 0 to 100, the higher the better). However, we value the efforts made by these companies if they are improving their ESG score and we do not exclude such companies that show improvements over the last two years.

High carbon emitters

International mobilisation against climate change is leading to growing public and regulatory pressure to limit carbon emissions. Excessive carbon emitters are likely to face regulatory and pricing headwinds, and some activities may simply not be viable under strict scenarios.

Unigestion recognises Climate-related risks as part of each company's risk profile and excludes any company with a GHG intensity of more than 3,000 tons of CO_2 equivalent per million USD in revenues, unless they are aligned on an emissions trajectory below the 2°C scenario. Our GHG intensity measure includes Scope 1, 2 and upstream scope 3 emissions.

Companies with ongoing severe controversial events

A controversy occurs when a company's activity results in a negative environmental and/or social impact. Such impact may result in reputational risks for stakeholders and sometimes it will negatively impact the share price of a company.

Controversies are usually unordinary events or a series of incidents which are therefore associated with public news and, in many cases, market reaction.

Unigestion uses Sustainalytics' methodology for evaluating the severity of controversial events on a six-point scale: No evidence, Low, Moderate, Significant, High and Severe.

At Unigestion, we exclude any company with Severe controversies from our investment universe.

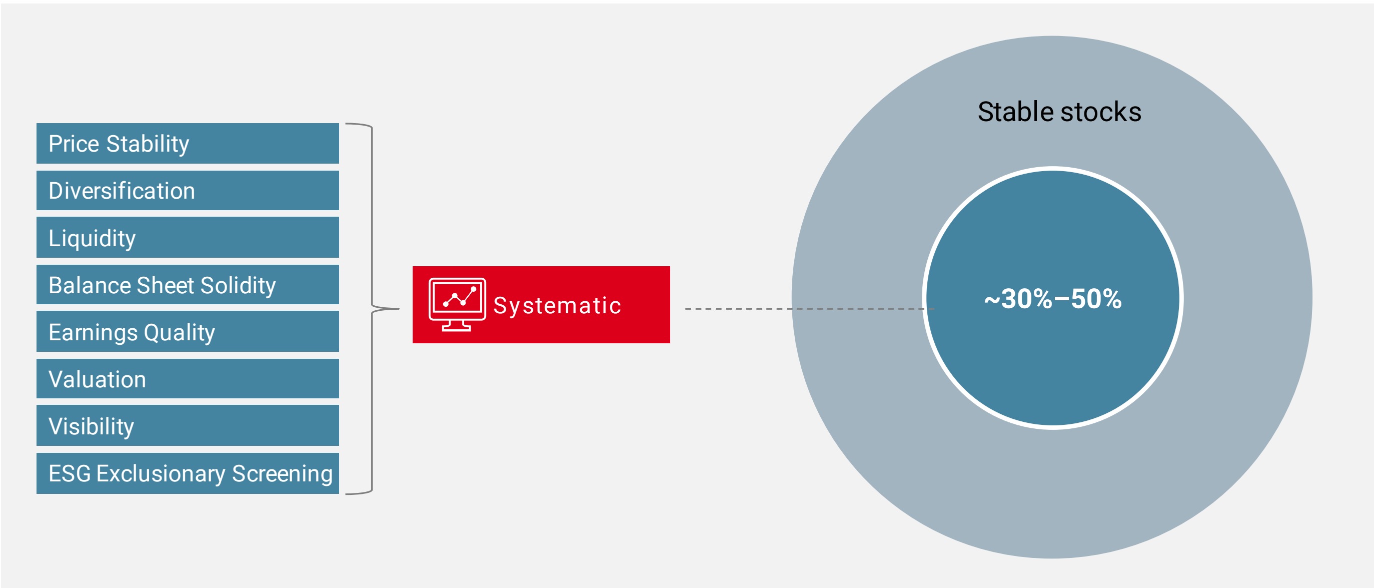
The other levels and the number of remaining controversies will penalize our internal ESG score to impact our company selection process.

Role of Pillar I and Pillar II in bottom-up screening

Starting from a broad investment universe, we incorporate the norm-based exclusions and exclusionary screening mentioned in Pillars I and II as bottom-up filters on the investment universe, alongside screenings based on financial criteria such as liquidity and valuation.

The bottom-up filtering process reduces the investment universe to between 30% and 50% of the initial number of stocks.

Figure 10: Bottom-up screening

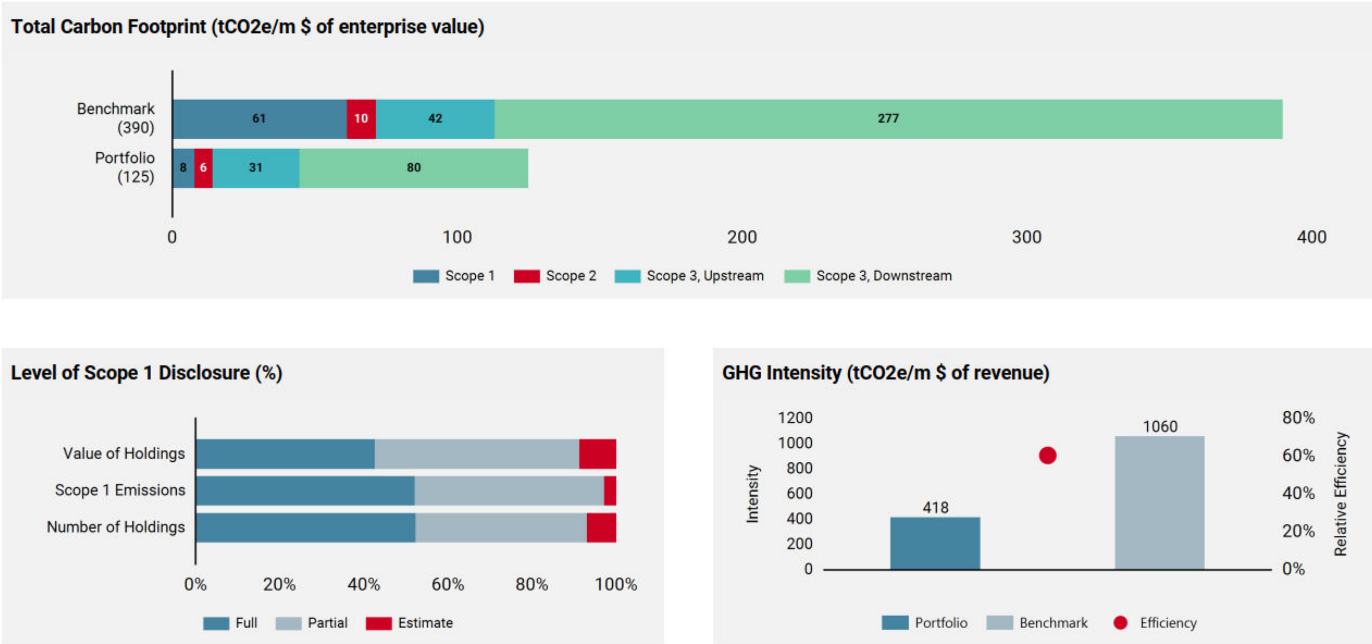


Pillar III: ESG guidelines

Portfolio construction is then performed through an optimisation process on the remaining, stable universe to produce a candidate portfolio that aims at minimising risk while considering a range of top-down guidelines. These guidelines reflect investment views such as country and sector risks as well as the ESG score of the aggregated portfolio. At this stage, by effectively favouring investments with higher ESG scores, we ensure an overall ESG score rank that is higher than the market reference whose stocks in the worst quintile have been removed. based on rankings from our internal scoring methodology. This is one of the methodologies which can be used for the classification as SRI fund under the European SRI Transparency Code. In case of mandates, if an ESG index is appointed, we follow the ESG index score rank as the determining level.

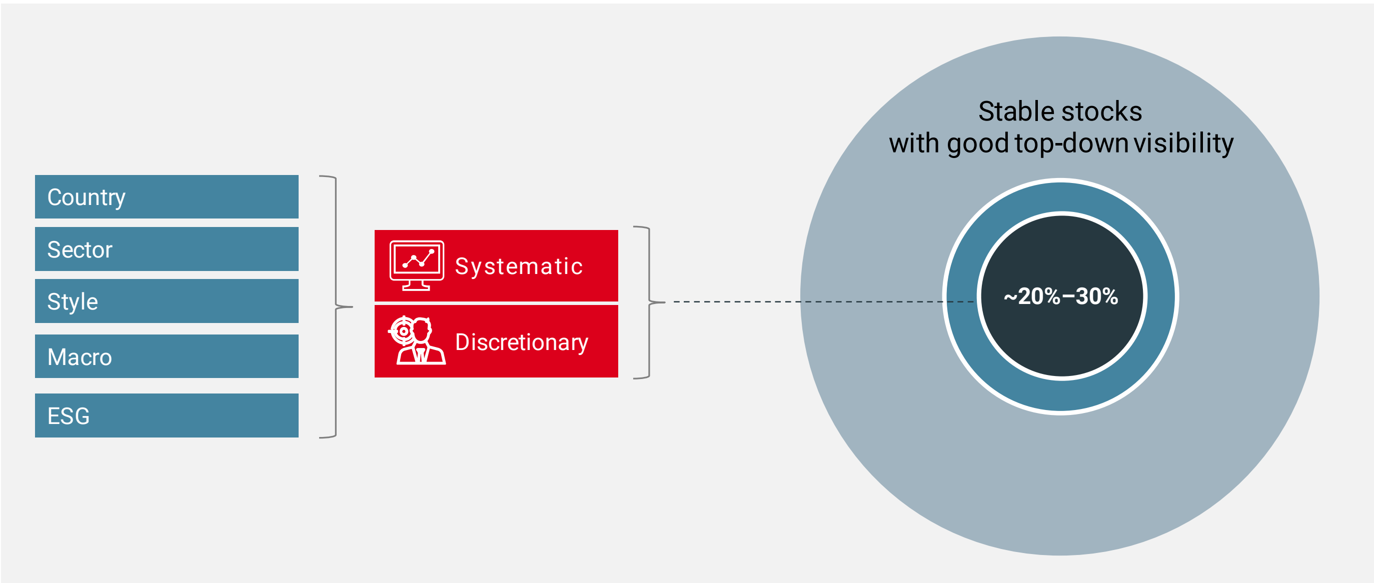
In addition, at the aggregated portfolio level, we ensure that the total GHG intensity is, at least, 20% better than that of the market reference.

Figure 11: Sample portfolio carbon footprint and intensity



Source: S&P Trucost, Unigestion, MSCI

Figure 12: Top-down risks



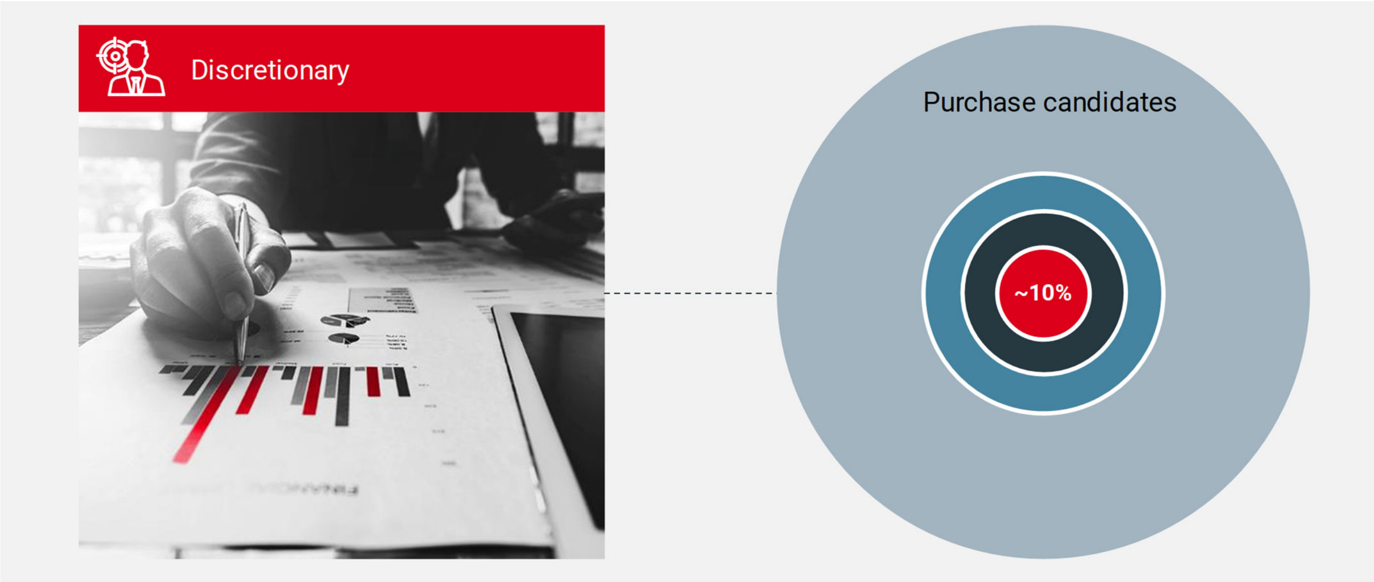
Fundamental review

The resulting portfolio leads to a list of purchase candidates, which is then reviewed thoroughly by our portfolio managers and fundamental analysts. This review, although discretionary by nature, is highly disciplined and ESG is an integral part of the broader criteria used for validating the stocks within the portfolio. As this review may result in further exclusions, the last step may need to be repeated multiple times in order to find the optimal solution.

Our fundamental analysts cover all major positions held within the portfolios, as well as any stocks that may present certain risks over time. When a stock is a candidate from a quantitative point of view, they conduct a fundamental review of the stock in order to have a forward-looking view of the risk profile. The in-house methodology is based on a SWOT analysis where the intention is to identify any risks a business may face. Risks as opportunities are diverse by nature but ESG risk and opportunities are getting more impactful and thus have a growing influence on the SWOT analysis. They assign a rating to these positions, which determines a maximum weight of the position in the portfolio. The analysts then closely monitor where a company stands relative to its peer group. They also pay close attention to corporate governance and communication transparency.

The ESG risk assessments and stress tests we mentioned above are considered based on the materiality approach, i.e., material ESG risks are assessed in more detail than those considered immaterial.

Figure 13: Fundamental review



ANNEX II

Detailed Process for Sovereign Bonds

For our sovereign investments, we first define an investable investment universe, which is comprised of all government bonds held in the Bloomberg Global Treasury Index (Bloomberg Ticker BTSYTRUU Index).

Prior to applying ESG related exclusionary screenings, we filter the index universe based on liquidity measures and exclude the countries having a below average liquidity score. We use Bloomberg's Liquidity Assessment (LQA) score as a measure, which assesses position liquidity risk by quantitatively estimating a security's liquidity.

Liquidity is measured in terms of the security's liquidation cost (i.e., the deviation of the liquidation price from fair value price), liquidation horizon (i.e., the estimated number of trading day to liquidate an associated volume), and level of uncertainty for both the liquidation cost and liquidation horizon. LQA's methodology combines traditional market impact models with machine learning techniques to account for all the relevant factors influencing liquidity.

The resulting list of countries composes the universe on which Pillar II (Exclusionary screenings) and Pillar III (ESG guidelines) will subsequently be applied.

Pillar II: exclusionary screening

Similar to equities, negative or exclusionary screening is the process of excluding countries from an investment universe based on our expectations regarding specific ESG risks. Unigestion considers three such exclusions: non-covered countries, worst in class countries and high carbon emitters. The exclusions are applied to the applicable universe in the first step of the investment process, resulting in the remaining, investable universe.

Non-covered countries

We exclude from the investment universe countries that are not covered by our proprietary ESG score.

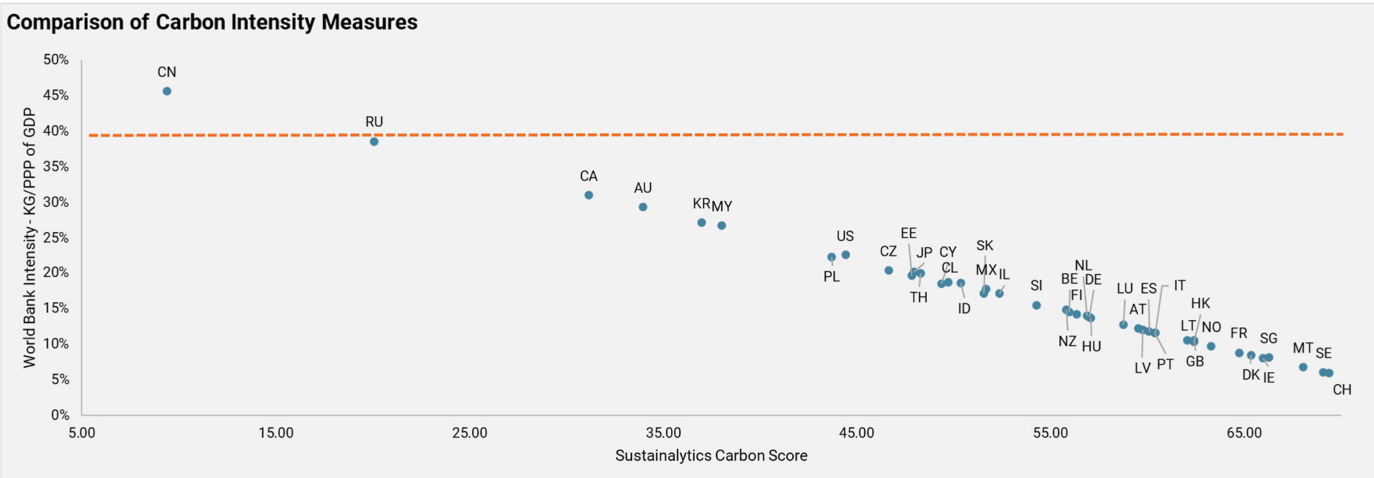
Worst-in-class countries

We prefer countries with better or improving ESG scores. Therefore, we exclude from the investment universe countries with ESG scores in the worst decile of the universe. The result changes over time.

High carbon emitters

To limit carbon emissions in our investments, we exclude any country with a carbon emission of more than 40% (KG/PPP $ of GDP) in revenues.

Figure 14: Country carbon intensity



Source: Sustainalytics, World Bank, as of March 2020

Pillar III: ESG guidelines

We require our portfolios to maintain an ESG score higher than the Benchmark on an ongoing basis. This is achieved through a positive tilt to countries with better ESG scores and a negative tilt to the ones with the worst ESG scores.

The global country allocation is then determined through an optimisation process on the investable universe. The objective is to maximise the overall ESG score while maintaining a diversified allocation across countries by controlling the tracking error versus the initial allocation. At this stage, by effectively favouring countries with higher ESG scores, we ensure that the overall ESG score is above the Benchmark Index while the allocation across countries is not distorted by too many exclusions.

Target allocations resulting from Pillar I and Pillar II will be reviewed on a bi-annual basis on June 30th and December 31st and changes, if applicable, will be implemented in the first 15 days of the following month.

Pillar IV: parallel process

Green bonds

Investing in green bonds is one way to promote commitment to climate and responsible investment and we have decided to favour them over other government bonds. We implement our allocation such that:

- If government green bonds are available for a country, we will allocate at least 50% of the targeted country weight to government green bonds.
- We exclude green bonds issued by supranational and regional entities or government backed companies.

New issues of green bonds by countries eligible in the final investment universe will be invested, based on availability, during the semi-annual re-allocation process.

ANNEX III

Detailed Process for Private Equity Strategies

We have been investing in private equity since 1988, and we created one of the first private equity fund-of-funds in Europe, Unicapital Investments, in 2000.

Private equity is strategically important to Unigestion, and accounts for more than half of our total assets under management.

We are committed to maintaining the highest level of scrutiny over the way ESG criteria are respected, measured, reported and handled across our investment activities, and to making ongoing improvements. We strongly believe our investors will benefit from this approach over the long term.

As a prominent investor in the private equity ecosystem, we are well positioned to make a difference and actively engage with our partners to share and promote best practices and resources related to ESG integration.

In our private equity offering, all funds considered for investment are subject to a rigorous ESG due diligence process, based on the UN PRI guidelines for private equity. ESG-related topics include, among others:

- The integration and analysis of ESG criteria in the investment process
- The ESG evaluation of individual fund managers
- ESG assessments and industry classifications of existing and new portfolio companies.

Integrating ESG in private equity direct investing is a fundamental way for us to measure improvements and create long-lasting value for all stakeholders. We embrace ESG as a key value driver.

As a responsible shareholder, we ensure that company management teams are held to account. When investing directly in private equity companies, we seek a seat on the Board of Directors, or at least observer status, so that we can influence the direction and future operations of the firm, and provide guidance on ESG matters.

For private equity funds, we obtain a seat on the advisory committee and monitor the fund manager and underlying companies within each fund on ESG grounds to ensure that businesses are robust and continue to generate consistent returns for our investors.

ESG has always played an important role in our investment decision-making process but today, our approach to ESG is far more sophisticated and proven. Previously, ESG assessments were based on a mixture of our values and beliefs, experiences and market risks without being as well structured and defined as they are today.

Today, we possess a set of tools that allows us to recognise risks, and rate and monitor companies in terms of ESG which is based on the way each individual company deals with the specific environmental, social and governance challenges that it faces.

Since we implemented these tools in 2019, they have enabled us to create clear pictures of the state of ESG development in the companies evaluated and, importantly, helped us to avoid those companies with deeper ESG risks. However, this does not mean that we avoid investing and engaging in all investment opportunities with low-ranking ESG scores. We believe that these companies can often present the greatest opportunities for value creation through the implementation of ESG policies and measures, leading to an improvement in the monitored ESG metrics. Reduced risks and improved governance can significantly increase a company's stability and hence its value.

We commit to continue to develop and enhance our responsible investing approach in private equity as well as to share and promote the best practices in the industry.

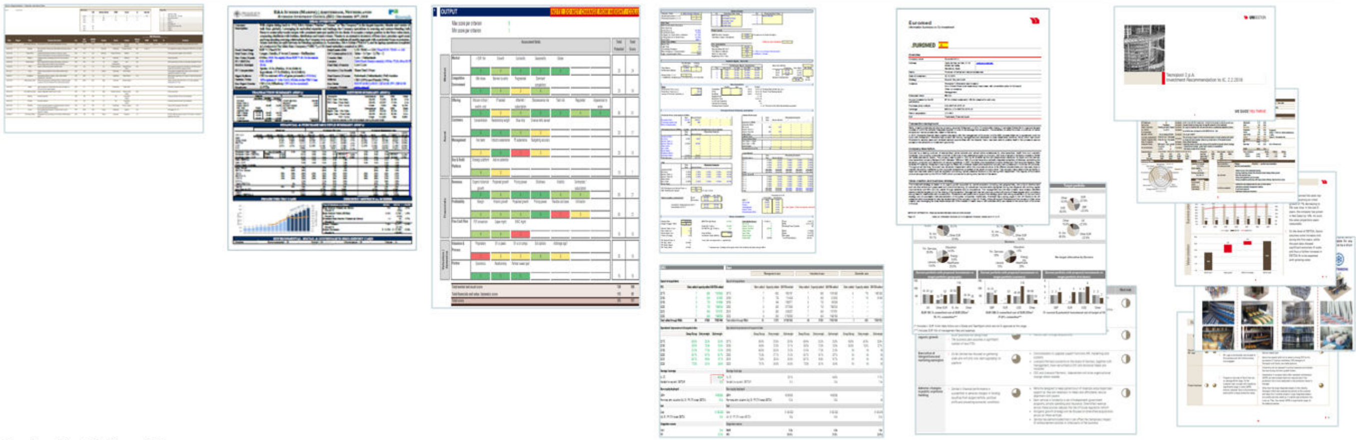
ESG integration in direct private equity strategies

The direct investment team follows a systematic and disciplined multi-phase investment selection process in addition to their responsibilities for the origination, execution, monitoring, value creation, and exiting of direct investments.

Every investment follows a rigorous selection and analysis process, from sourcing to the final decision, as shown below.

Figure 15: A rigorous investment selection and analysis process

Sourcing	Preliminary Review	Scoring and Early Warning Memo	Modelling and Due Diligence	Preliminary Presentation to the Investment Committee	Final Presentation to the Investment Committee
450–500 deals p.a.		70–100 deals p.a.	30–50 deals p.a.		5–10 deals p.a.



Projected Time Line

2 days	5 days	15–120 days

ESG considerations are integrated at every stage of the direct investment process as shown and detailed in the following:

Figure 16: ESG at every stage of the direct investment process

Sourcing

Promotion of environmental and social characteristics

- Assessment of support to environmental and or social themes

Supporting assessment

- Where possible: Link to at least one SDG target

Preliminary Review

ESG Screening *(Pillars I & II)*

- Exclusion list based on UN PRI *(Pillar I)*
- Negative screening: no ESG policy or no intention to develop one, ESG related litigations, high carbon emitters *(Pillar II)*

Scoring and Early Warning Memo

Preliminary ESG Analysis

- Qualitative assessment of material ESG risks
- Material ESG risks documented in Early Warning Memo for consideration by the Investment Committee

Modelling and Due Diligence

ESG Due Diligence

- Completion of ESG questionnaire and calculation of ESG score *(Pillar III)*
- Quantitative assessment of material ESG risks, incl financial impact
- Engagement potential analysis
- Determination of engagement plan (path to "best in class")

IC Decision and Execution

Final ESG Validation

- Approval of ESG due diligence outcome by Investment Committee

Portfolio Management and Engagement

Ongoing ESG Engagement *(Pillars III & IV)*

- Implementation of engagement plan
- Ongoing monitoring
- Annual update of assessment / scoring
- Annual report to investors

For our climate impact strategy, we have further strengthened the investment process as described in the website disclosure available in the section "Sustainability-related disclosures" of our corporate website (accessible via the link provided in the Appendix).

Step 1: Sourcing – Support to environmental and/or social themes

In direct investments, we look for companies whose respective economic activity supports one or more environmental and/or social themes we have selected (e.g. water management, waste recycling, elderly care, education, pharmaceuticals and health-related services). To complement the support to these themes, we will, in addition, assess whether the company's economic activities can be linked to one or more SDG targets (as defined in the 2030 Agenda for Sustainable Development) by means of a specific indicator.

In our climate impact strategy, we have the sustainable investment objective to invest in companies whose economic activities contribute at least to one of the following environmental objectives described in more detail in the EU Taxonomy: (i) climate change mitigation, (ii) climate change adaptation, (iii) transition to a circular economy and (iv) protection and restoration of biodiversity and ecosystems. The investments made pursuant to this strategy are aligned mostly with SDG 7 (Affordable and clean energy) and SDG 13 (Climate Action). For details on our climate impact strategy, please refer to the section "Sustainability-related disclosures" of our corporate website via the link provided in the Appendix.

Step 2: preliminary review - norm-based and exclusionary screening (ESG Pillars I & II)

At this preliminary stage, a new proposal is presented to a dedicated team for a review of certain qualitative criteria. These include an assessment of industry, geographic region and size as well as ESG criteria.

1. ESG Pillar I: norm-based screening - exclusion list

Norm-based screening is the process of excluding companies associated with key social or environmental issues.

Any business that violates any of the following exclusion criteria is filtered out immediately: controversial weapons, tobacco producers, adult entertainment producers, thermal coal, predatory lending and companies that are not compliant according to UN Global Compact (UNGC). Please refer to Figure 6 for details.

2. ESG Pillar II: exclusionary screening

Negative or exclusionary screening is the process of excluding companies from an investment universe based on our expectations regarding specific ESG-related risks.

Further to norm-based screening, Unigestion considers three such exclusions: companies with no current ESG policy or no intention to introduce one, companies with ESG-related litigations and high carbon emitters.

Companies with no current ESG policy or not intention to develop one

We exclude from the investment universe companies that do not have an ESG policy in place and do not intend to develop one during our ownership.

Companies with ESG-related litigations

We exclude from the investment universe companies that have faced significant ESG-related litigations.

High carbon emitters

High carbon emitters are likely to face regulatory and pricing headwinds, and some activities may simply not be viable under strict scenarios. We exclude companies identified as high carbon emitters through a quantitative assessment if available or qualitative assessment.

If the results of the ESG screening process in the preliminary review is satisfactory, the deal is then progressed to the next stage of the process.

Step 3-5. scoring and early warning memo / modelling and due diligence / Investment Committee decision and execution – ESG guidelines (ESG Pillar III)

1. ESG risk assessment

Assessing ESG-related risks forms a key element of our overall analysis on investment opportunities. We perform a qualitative assessment of ESG-related risks of the investment opportunity based on the sector / industry and leveraging on both our internal experience and leading ESG tools in the private equity industry. The material ESG-related risks identified for the investment opportunity are formally documented in the Early Warning Memo for consideration by the Investment Committee.

During due diligence, the direct investment team performs a quantitative assessment of the material ESG-related risks, selecting KPIs measurable pre- and post-investment and calculating the expected financial impact should the material ESG-related risks materialise

(ESG stress scenario). The results of this quantitative assessment are documented in the investment recommendation alongside the remainder of the ESG due diligence outcome.

We have rejected a number of investments due to ESG-related risks. A recent example is a producer and bottler of premium quality, natural mineral water and organic beverages. This European company mainly ships its products to North America, raising concerns about the excessive use of plastic packaging and an elevated carbon footprint from transportation. These negative points were weighed against the positives, including the products' success in North America, driven by the trend towards healthier drinks (and away from high sugar soft drinks). There was some potential to address these issues through engagement measures by reducing the plastic used in the packaging and relocating the bottling process to North America. However, the conclusion was that the overall environmental cost of the products was too high, and engagement alone would not be sufficient to overcome the negative impact. At this point, the investment was rejected.

We believe that mitigating ESG-related risks strengthens the downside protection for investment returns and enables value creation. During the life of the investment, we monitor closely the evolution of the material ESG-related risks and their expected financial impact and proactively engage with companies to address those. Details of our engagement and active ownership are outlined below under "Step 6: monitoring and reporting – engagement (ESG Pillar IV)".

2. Proprietary ESG scoring system

In 2019, we implemented a proprietary ESG scoring system with a view to ensure a consistent and comprehensive approach to ESG due diligence. In 2023, we have enhanced our scoring methodology to include new quantitative criteria (e.g. GHG emissions scope 1 to 3, gender pay gap, excessive CEO pay ratio) and new ESG topics such as biodiversity, employee survey, supply chain, data & IT security. According to this scoring system, each direct investment opportunity is rated out of 100%. Investments are rated as follows: under 25% "Lagger", between 25% and 50% "Beginner", between 50% and 75% "Follower" and above 75% "Leader".

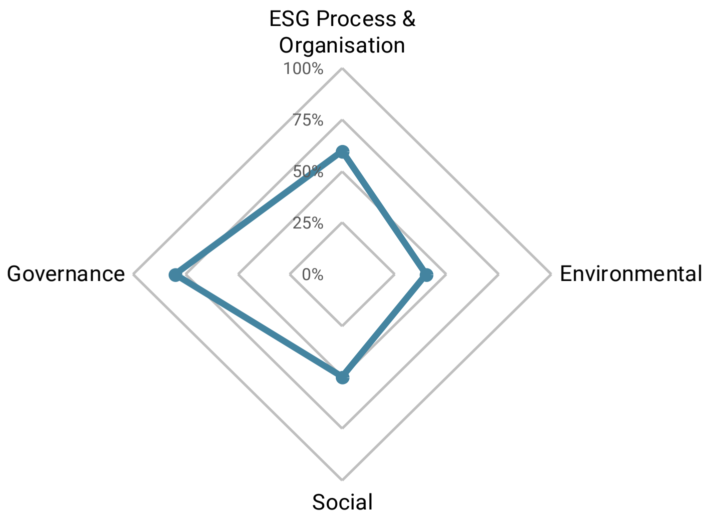
The score of each direct investment results from the measurement of 50 criteria, of which 26 are quantitative, from across the spectrum of four ESG categories: (i) ESG Process & Organization, (ii) Environmental, (iii) Social and (iv) Governance. The key criteria considered in our methodology are outlined in Figure 18. The quantitative criteria are harmonised with the principles of the SFDR and EDCI.

Figure 18: Key criteria considered in our ESG scoring methodology

Categories	Criteria
ESG Process & Organization	• ESG policy, ESG resources • ESG training • ESG initiatives implemented • Significant ESG litigations
Environmental	• Environmental initiatives • GHG emissions (Scope 1 to 3), GHG intensity and carbon footprint • Adoption of GHG emissions reduction initiatives (e.g. SBTI) • CO2 footprint offsets • Emissions of pollutants – e.g. air, inorganic, ozone depletion substances • % of energy consumed and/or produced from renewable sources • Impact on biodiversity sensitive areas • Emissions to water • Waste – hazardous waste, % of recycled waste
Social	• Employees' growth • Social initiatives (e.g. diversity, charity, well-being) • Employee survey • Gender pay gap • % of female employees • Remuneration committee • Health & safety incidents • Social litigations • Turnover rate • Absenteeism rate
Governance	• Corporate code of conduct and/or code of ethics • Anti-money laundering, anti-bribery, anti-corruption • Whistleblower and human rights policies • % female executive management • % female board members • % Independent board members • Excessive CEO pay ratio • Independent audit committee • Succession plan • EU Taxonomy alignment • Internal process to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational enterprises • Supply chain risk management • Protection of data & IT security

The ESG score of a direct investment is summarised in our ESG radar (see Figure 19) and it is included in our investment recommendation alongside the priorities for the engagement plan during our holding period.

Figure 19: ESG radar



Finally, the Investment Committee will review and assess whether:

- The company already has "best in class" ESG metrics, or
- There is a clear path to "best in class" via active engagement.

It is important to note that low scores will not necessarily result in the exclusion of a candidate. We first assess the "engagement potential" of low scoring companies i.e., their potential to drive ESG-related improvements through a gradual and long-term engagement process during our holding period.

The ESG analysis is primarily performed internally and the investment team prepares all material for the investment review in parallel with the investment due diligence. All relevant information is acquired directly from investment documents (often supported by additional documents prepared by investment banks or intermediaries) and/or from companies themselves. The investment team then evaluates and verifies the information provided.

3. ESG Pillar III: ESG Guidelines

The ESG score of each direct investment is reviewed on annual basis. We require our portfolio of direct investments to demonstrate an aggregate ESG score improvement vs. the pre-investment assessment on annual basis. This is achieved through our ESG risk assessment and our engagement with the companies during their holding period. Details on our engagement and active ownership are outlined below under "Step 6: Monitoring and Reporting".

Step 6: monitoring and reporting – engagement (ESG Pillar IV)

The direct investment team integrates ESG criteria into their day-to-day practices and monitors their progress on an ongoing basis as part of a continuous engagement programme. ESG is embraced as a key value driver of every direct investment.

As outlined above, portfolio companies are assigned an overall ESG score as part of the due diligence of a set of ESG criteria. In order to drive high ESG standards, for each criterion, a tailored engagement plan is implemented and priorities are allocated depending on the scale of the issue and the potential for improvement. The material ESG-related issues are then relayed back to the portfolio company to establish a plan for addressing them.

The level of engagement and the action required will differ on a case-by-case basis. Examples of engagement might be optimising processes to reduce energy and water consumption (e.g. through the installation of drop-by-drop irrigation systems), or improving governance mechanisms.

From this point onwards, each company is reassessed against the ESG criteria on an annual basis to measure improvements and to readjust any measures taken. An annual report is then published internally to inform the Investment Committee and a formal annual

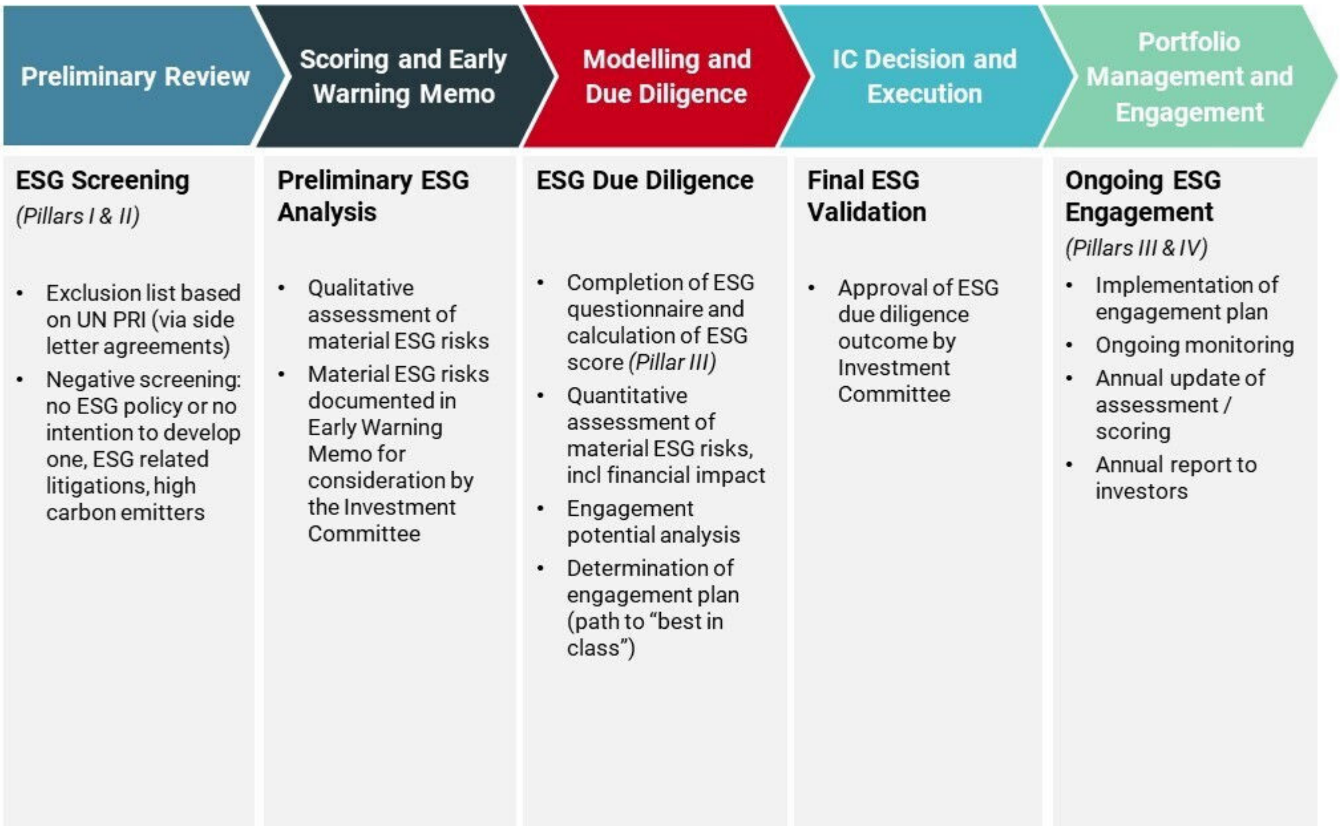
ESG report is shared with the investors. In addition, our funds' quarterly reports also report on ESG matters which are updated on an annual basis.

ESG integration in private equity fund investments

The fund investment team follows a systematic and disciplined multi-phase investment selection process in addition to their responsibilities for the origination, execution and active monitoring of fund investments.

ESG considerations are integrated across our fund investment process as shown and detailed in the following:

Figure 20: ESG across the fund investment process



Step 1: preliminary review - norm-based and exclusionary screening (ESG Pillars I & II)

Step 2 of ESG integration in direct strategies, outlined above, also applies to fund investments (primaries and secondaries).

Steps 3-5: scoring and early warning memo / modelling and due diligence / Investment Committee decision and execution – ESG guidelines (ESG Pillar III)

1. ESG risk assessment

Assessing ESG-related risks forms a key element of our overall analysis on investment opportunities. We perform a qualitative assessment of ESG-related risks based on target sectors / industries of the fund, particularly in the case of sector focused funds and existing investees. As for direct investments, we leverage on both our internal experience and leading ESG tools in the private equity industry. The material ESG-related risks identified for a given investment are formally documented in the Early Warning Memo for consideration by the Investment Committee.

During the due diligence, the fund investment team perform a quantitative assessment of the material ESG-related risks, selecting KPIs measurable pre- and post-investment and calculating the expected financial impact should the material ESG-related risks materialise (ESG stress scenario). The results of this quantitative assessment are documented in the investment recommendation alongside the remainder of the ESG due diligence outcome.

2. Proprietary ESG scoring system

In 2019, we implemented a proprietary ESG scoring system with a view to ensure a consistent and comprehensive approach to our ESG due diligence. In 2023, we have enhanced our scoring methodology to include new quantitative criteria (e.g. GHG emissions scope 1 to 3, gender pay gap, excessive CEO pay ratio) and new ESG topics such as biodiversity, employee survey, supply chain, data & IT security. Furthermore, our enhanced methodology covers both the fund managers as well as the funds under management, attributing greater weight to the firm's ESG criteria for the time being while the private equity industry improves its disclosure of quantitative ESG criteria for funds. According to this scoring system, each fund investment is rated out of 100%. Investments are rated as follows: under 25% "Lagger", between 25% to 50% "Beginner", between 50% to 75% "Follower" and above 75% "Leader".

The score of each fund investment results from the measurement of 76 criteria, of which 35 are quantitative, from across the spectrum of ESG categories: (i) ESG Process & Organization, (ii) Environmental, (iii) Social and (iv) Governance. The key criteria considered in our methodology are outlined in Figure 21. The quantitative criteria are harmonised with the principles of the SFDR and EDCI.

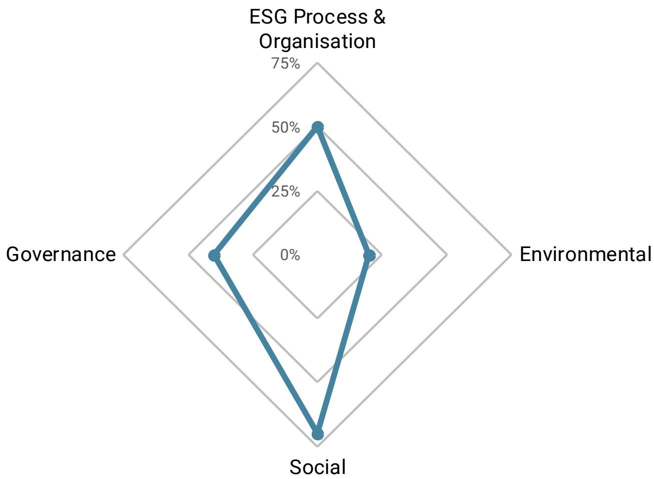
Figure 21: Key criteria considered in our ESG scoring methodology

Categories	Criteria – fund manager focused	Criteria – Fund focused
ESG Process & Organization	• ESG policy and bodies • ESG resources • ESG training • ESG integration and reporting • ESG in remuneration	• none
Environmental	• Environmental initiatives • Climate and biodiversity objectives • Climate risk assessment • Environmental litigations for non-compliance, financial and reputational risks	• GHG emissions (Scope 1 to 3), GHG intensity and carbon footprint • CO2 footprint offsets • Emissions of pollutants – e.g. air, inorganic, ozone depletion substances • % of energy consumed and/or produced from renewable sources • Impact on biodiversity sensitive areas • Emissions to water • Waste – hazardous waste, % of recycled waste • Commitments to net zero / Paris alignment goals • Board oversight of climate issues
Social	• DEI policy • Well-being initiatives • Gender pay gap • % of female employees • Social incidents • Active ownership • Turnover rate • Health & safety incidents • Absenteeism rate • Labour standards & social issues	• Gender pay gap • Board gender diversity • Excessive CEO pay ratio • Human rights and whistleblower policies • Absenteeism rate • Employee survey • Employees' growth • Turnover rate • Health & safety incidents

Governance	• Fair treatment of investors
	• Litigations
	• Corporate code of conduct and/or code of ethics
	• Anti-money laundering, anti-bribery, anti-corruption
	• % women in senior positions
	• Succession plan
	• At portfolio level:
	  ▪ Independent board members
	  ▪ Ethics policies
	  ▪ Committees' implementation
	  ▪ EU Taxonomy alignment
	  ▪ Background checks
	  ▪ Data & IT security
		• Violation of UN Global Compact principles and OECD Guidelines for Multinational enterprises
		• Lack of processes and compliance with UN Global Compact principles and OECD Guidelines for Multinational enterprises

The ESG score of a fund investment is summarised in our ESG radar (see Figure 22) and it is included in our investment recommendation alongside the priorities for the engagement plan during our holding period.

Figure 22: ESG radar



The resources dedicated to ESG analysis during the due diligence process are mostly internal. The fund investment team prepares all of the material for the investment review in parallel with the investment due diligence.

To achieve and enforce the application of our ESG framework, the fund investment team negotiates a side letter agreement with the managers.

Such legal agreement typically includes the exclusion list applied as part of the norm-based screening (ESG Pillar I) as well as certain exclusions applicable in the context of the exclusionary screening (Pillar III), details on the ESG integration in a given investment process as well as reporting obligations.

3. ESG Pillar III: ESG guidelines

The ESG score of each fund investment is reviewed on annual basis. We require our portfolio of fund investments to demonstrate an aggregate ESG score improvement vs. the pre-investment on an annual basis. This is achieved through our ESG risk assessment and our engagement with the fund managers during the life of the funds. Details on our engagement and active ownership are outlined below under “Step 6: monitoring and reporting – engagement (ESG Pillar IV)”.

Step 6: monitoring and reporting - engagement (ESG Pillar IV)

The fund investment team integrates ESG issues into their day-to-day practices and monitors the progress on an ongoing basis as part of a continuous engagement programme. As outlined above, fund investments are assigned an overall ESG score as part of the due diligence. In the event that any specific issue is identified, a report will be sent to the manager to establish a plan for addressing it. We follow a policy of active ownership, raising ESG concerns both in bilateral interactions with fund managers and via our role on Advisory Boards of funds.

The level of engagement and the action required will differ on a case-by-case basis.

In order to drive best-in-class ESG standards, we actively engage with our managers post-investment. We then reassess each manager and fund against the ESG criteria on an annual basis to measure any development and to readjust any measures taken.

An annual report is published internally to inform the Investment Committee and a formal annual Private Equity ESG report is shared with the investors. In addition, our funds’ quarterly reports also include the evolution of ESG scores which are updated on an annual basis.

APPENDIX

Relevant Documents

All of the below documents can be found on our website with the following link:

- Unigestion Remuneration Policy
- Unigestion ESG scoring
- Unigestion Corporate Social Responsibility Report
- Unigestion (UK) Ltd. UK Stewardship Code Report
- Unigestion Proxy Voting Policy
- Proxy Voting Reports for various funds and entities
- Unigestion Engagement Policy
- PRI Transparency Report
- PRI Assessment Report
- Sustainability Report
- ESG Reports for certain equity funds
- Transparency Code statement under the European SRI Transparency code for certain equity funds

Web links:
https://www.unigestion.com/responsible-investment/policies-and-reporting/
https://www.unigestion.com/responsible-investment/sustainability-related-disclosures/

Pillar I Norm Based Definitions

Exclusion of non-compliant companies according to the UN Global Compact

Launched in 2000, the UN Global Compact (UNGC) is the largest supranational sustainability initiative in the world.

According to the UNGC, "*corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption*".

Its mission is to support companies to do business responsibly by aligning their operations and strategies with 10 aforementioned principles, within four categories; human rights, labour rights, environmental issues and business ethics & corruption.

We consider these principles to be standards to which all our investee companies must adhere. We will therefore exclude any non-compliant company that, after careful deliberation by our investment teams, is held to be in violation of these principles.

Exclusion of controversial weapons

Unigestion does not invest in companies that are involved in the production or distribution of controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons, depleted uranium ammunitions, nuclear weapons) as defined by UN conventions.

We believe these companies represent high financial, compliance and reputational risks. Consequently, we exclude these companies from our investment universe across the firm.

Exclusion of adult entertainment producers

We recognise that the sector is deemed unethical in many instances and it may profit from harmful activities. However, in this case we only exclude the producers with more than 10% of their revenue coming from this activity, not the so-called distributors.

Exclusion of tobacco producers

We view the sector as unethical because it profits from harmful activities. There is growing pressure from the World Health Organisation Framework Convention on Tobacco Control and other institutions to develop legislation to reduce the number of smokers. The UN Global Compact excluded tobacco companies in 2017. From a business point of view, tobacco is suffering from declining sales in combustibles (traditional cigarettes). Next-generation products are failing to offset this trend despite lower margins and they also carry potential health risks. Given high reputational and litigation risk, and acknowledging that engagement is not likely to lead to any changes, we decided to exclude all tobacco producers (i.e. businesses active in the cultivation and production of tobacco) from our investment universe. Furthermore, we are signatories of the Tobacco-Free Finance Pledge.

Exclusion of thermal coal exposure

In line with the aims of the Paris Agreement to reduce greenhouse gas emissions and address climate change issues, we exclude companies with considerable revenue exposure to thermal coal, i.e. with more than 10% of their revenue coming from this activity.

Exclusion of companies involved in predatory lending

Predatory lending refers to any lending practice that imposes unfair, deceptive or abusive loan terms on borrowers. We exclude any business with an overall level of product involvement in that activity of greater than 5% based upon data provided by Sustainalytics.

Main Definitions

"AGMs"	the annual general meetings of investee companies
"AIFM"	alternative investment fund manager
"AMF"	French Financial Markets Authority (Autorité des Marchés Financiers)
"AuM"	assets under management
"BaFin"	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
"Bloomberg Ticker BTSYTRUU Index"	Bloomberg Global Treasury Index
"CDP"	Carbon Disclosure Project
"Climate Delegated Act"	Delegated Regulation (EU) 2021/2139
"DNSH"	Do not significantly harm
"EDCI"	ESG Data Convergence Initiative
"Environmental Delegated Act"	Delegated Regulation (EU) 2023/2486
"EU Taxonomy"	Regulation (EU) 2020/852
"ESAs"	European Supervisory Authorities
"ESG"	environmental, social and governance
"ESG Score"	ESG Score for investments determined by Unigestion based on its proprietary methodology
"EUA"	EU Allowance
"ExCo"	Executive Committee
"FAIRR Initiative"	Farm Animal Investment Risk and Return, a collaborative investor network that raises awareness of the environmental, social and governance (ESG) risks and opportunities brought about by intensive livestock production
"GDP"	Gross Domestic Product
"GHG"	greenhouse gases
"IC"	Investment Committee
"iCI"	initiative Climat International
"IPCC"	Inter-Governmental Panel on Climate Change

"KPI"	key performance indicator
"LBMA"	London Bullion Market Association
"MiFID"	Markets in Financial Instruments Directive
"OECD"	Organisation for Economic Cooperation and Development
"PAI"	principal adverse impacts of investment decisions on sustainability factors in the context of SFDR
"Paris Agreement"	Paris Agreement under the United Nations Framework Convention on Climate Change, signed on 22 April 2016
"PM"	portfolio manager
"RCPs"	Representative Concentration Pathways determined by the IPCC
"Responsible Investing Policy"	this policy
"RM"	risk management
"SASB"	Sustainability Accounting Standards Board
"SBTs"	Science-based Targets
"SC"	Sustainability Committee
"SDGs"	Sustainable Development Goals adopted by the United Nations in 2015
"SFDR"	Sustainable Finance Disclosure Regulation (EU) 2019/2088

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